Daily Report

Latin America

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FBIS-LAT-95-235 *7 December 1995*

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Amazon Countries Close Summit; Lima Declaration Signed

PY0612150095 Madrid EFE in Spanish 1956 GMT 5 Dec 95

[FBIS Translated Text] Lima, 5 Dec (EFE) — The eight foreign ministers of the countries that make up the Amazon Region Cooperation Treaty (TCA) signed today the Lima Declaration that establishes new regional policy guidelines for the sustainable development of the Amazon region.

In this regard, a decision was made to create a permanent secretariat with headquarters in Brasilia. The secretariat's structure, objectives, and date of installation will be defined by the foreign ministers of the member countries based on a proposal to be made before 30 June 1996 by a special working group.

Peruvian Foreign Minister Francisco Tudela, who was also the president of the fifth TCA summit, closed the two-day international meeting held in Lima to prepare joint actions for the protection of the Amazon region.

The proposal made by the Venezuelan Government to host the sixth TCA summit in Caracas in 1997 was accepted.

Venezuelan Foreign Minister Miguel Angel Burelli pointed out his government's commitment to take a firm stand in defense of the Amazon region and the preservation of the ecosystem.

The Amazon countries that make up the TCA (Colombia, Ecuador, Venezuela, Peru, Suriname, Guyana, Bolivia, and Brazil) also decided to intensify the struggle against drugs in their respective countries.

They expressed concern for the contamination of the Amazon environment and the socioeconomic deterioration caused by drug trafficking activities in the region and in the international community.

They also agreed to draw a regional document for promoting sustainable development in the Amazon region, based on the policies established by the regional seminar that was organized by the TCA temporary secretariat in February 1995 in Tarapoto (Peru).

The TCA members also agreed to negotiate an agreement to implement measures to prevent and to control the contamination of the water resources of the Amazon and their effect on people.

In this regard, an agreement will be drawn up, which will be evaluated during a regional meeting in 1996.

An agreement was also reached for carrying out a study on the navigability of the rivers of the Amazon within the current project "Transportation Network for the Amazon Region."

The member countries agreed to implement a system to register the Amazon genetic resources and promote new productive activities based on the existing species of the fauna, flora, and microorganisms.

In this sense, they agreed to set up a research institute. Where and when it will be headquartered will be decided during the Eighth Ordinary Meeting of the Amazon Cooperation Council.

The eight TCA member countries stressed the importance their respective governments grant to the respect for the indigenous and local communities and the preservation of their cultural identity, as well as to improving their living standards.

They also agreed to create the Amazon Education Special Commission (CEEDA) [Comision Especial de Educacion de la Amazonia] to coordinate and assess the drafting of adequate education programs to the reality of the Amazon, the training of human resources, and the respect for the cultural identity of their populations.

The countries also decided to adopt a financial mechanism to reinforce TCA activities to support the implementation of projects in the region as well as international cooperation in the execution of programs designed to promote sustainable development in the Amazon.

The implementation of the mentioned mechanism will be decided by the foreign ministers of the Amazon countries after the meeting they will hold in June 1996.

An appeal was also made to the developed countries to fulfill commitments undertaken within the framework of the UN Environment and Development Conference held in Rio de Janeiro in June 1992 so that they may support the implementation of the mentioned projects with resources and technology.

Paraguay's Wasmosy in Punta del Este for Mercosur Summit

PY0712020695 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2250 GMT 6 Dec 95

[FBIS Translated Excerpt] [Anchorman Oscar Escobar] The presidents of Brazil, Argentina, and Paraguay have already arrived in Punta del Este, Uruguay. In this regard, I must point out that Andres Caballero already has information on breaking news directly from Punta del Este. Good evening, Andres.

[Live relay by Andres Caballero] Good evening, Oscar Escobar. President Juan Carlos Wasmosy, accompanied

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by Ubaldo Scavone, industry and commerce minister, and other government officials and Ciudad del Este entrepreneurs, including Yamil Jebai, has already arrived in Punta del Este to participate in negotiations with Brazilian Government officials, with the goal of restoring normal commercial activities on the Brazilian border. [passage omitted]

Upon arriving in Punta del Este, President Wasmosy said he hopes this new Mercosur [Common Market of the South] summit will improve solidarity among the member countries to enhance integration.

President Wasmosy also said the four plus one arrangement between the Mercosur and Bolivia is something positive. Furthermore, he expressed hope that an agreement will be achieved with Chile. [passage omitted]

Mexican Minister on Chile's Entry Into NAFTA, Mercosur

PY0612231295 Buenos Aires TELAM in Spanish 1405 GMT 6 Dec 95

[FBIS Translated Text] Montevideo, 6 Dec (TELAM-SEM) — Mexican Foreign Minister Jose Gurria said in Montevideo that interest by NAFTA and Mercosur [Common Market of the South] countries in enhancing commercial ties with Chile "is no cause for competition" between these economic organizations.

According to remarks disseminated in the Uruguayan capital today, the Mexican diplomat, who ended a three-day visit to Montevideo yesterday, noted that "it is perfectly compatible" for Chile to join NAFTA — the United States, Canada, and Mexico — and Mercosur.

Experts believe there is competition between NAFTA and the Mercosur, mainly involving the United States and Brazil, the most powerful members of each bloc, to achieve Chile's support for their respective commercial organizations, which would represent an accolade for these integration processes.

Gurria played this down and emphasized that "what really matters is to successfully achieve these agreements" on Chile's association, both with NAFTA and Mercosur. In his opinion, it is not important "which bloc achieves them first."

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Cuba

Further Reportage on Castro's Visit to China

Interviewed During Visit

PA0612200895 Havana Tele Rebelde Network in Spanish 0227 GMT 6 Dec 95

["Text" of interview with President Fidel Castro by unidentified CCTV reporter in Beijing on 1 December; from the "This Very Day" program — recorded; reporter's questions are in Mandarin with passage-by-passage translation into Spanish]

[FBIS Translated Text] [Reporter] Your Excellency, Mr. President: We are very happy that you have granted, agreed to grant, an interview with the Chinese Central Television. Now allow me to ask you a few questions. First question. For many years, you have always been seen wearing the uniform of the commander of the Cuban Army. Recently, we have observed that at many international events, you have worn civilian clothes. Does this change have any special significance?

[Castro] It has no special significance. At a summit meeting of Latin American heads of state in Cartagena, we were all asked to wear guayabera shirts, and I did not have any, because what I am wearing now are my everyday clothes, so I had some guayaberas made for me. I asked some companeros to help me get a couple of guayaberas in 24 hours. I complied with what they were asking for in Cartagena. I later found out that I did not have any suits. Some friends offered to send me a designer to make my civilian suits. I agreed because I thought at some point in time I would have to use them. I thought it was okay to use them in other summits. For example, during my visit to Uruguay, to the Bariloche summit of Latin American heads of state, and finally in New York, I did not want to show up there with my old clothes so that they would not think I was a military man or something similar to that.

In many of those meetings, I have worn my civilian attire, but when I travel by plane I wear this suit. In China, I attended an official event and, thinking about the Chinese traditions, the heroic Chinese people, and their struggle for independence and liberation, I decided to wear a military uniform, a dress uniform, without medals. I do not usually wear decorations.

That is why yesterday I wore my military uniform to the official reception. In the meeting with the chairman of the Consultative Assembly, or the Consultative Conference, and the National People's Congress I wore that uniform. During the evening I wore a civilian suit for the official banquet.

Today, to visit the Great Wall, I wore this uniform because it is the proper attire to visit a place that reminds us of the history of the struggles of the Chinese people against the invasions. I arrived here with the same clothes. This is the one I am wearing for this interview.

[Reporter] Second question. The Cold War has ended, and we are now living in an international situation whose main current is peace and development. As a statesman with a great influence in the world, how do you view this new international situation?

[Castro] I believe it is very important that the Cold War has ended, in part. There still are dozens of nuclear weapons in the hands of the most powerful countries, and this is always a risk for peace. Nevertheless, we have made progress toward detente, which we hope will last. Huge sums of money are still being spent on weapons. The U.S. military budget has hardly been reduced, for example. More weapons continue to be manufactured. The arms trade continues in the world.

Numerous local conflicts take place in the world today. The United Nations is now approving interventions to restore peace. I believe a long road lies ahead to achieve the peace we want with a just international order that can respect the independence and sovereignty of countries, that can fight against the arms race, and that can fight for nuclear disarmament of all countries. There are powers with numerous nuclear weapons.

I am not referring to China, which made a great self-defense effort with its nuclear weapons, but which cannot be described as a great nuclear power. I believe the aspiration of humanity is to eliminate all nuclear weapons and achieve a just order without hegemonic practices, with respect, I repeat, for the independence and sovereignty of countries as well as economic and social order in the world. I would say we need a peace based on the five principles of peaceful coexistence proclaimed by China.

[Reporter] Third question. Within the context of recent changes in the international order, economic development has become a highly important factor for a country. We would like you to explain a statement you made early this year, when you said that you are not in favor of capitalism, but that you are realistic. Those were more of less your words.

[Castro] That is correct. There is a new situation in the world and the main aspiration of peoples is not only peace, but also economic development. What happens is that many countries do not have peace or economic development. We must carry out efforts in international cooperation in favor of development. This is vital for all countries, for some more than others.

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Some countries have a small population and enormous natural resources, such as oil resources. Those countries do not have the problems of other countries with a large population and not many natural resources. However, we can say that today development is the center of the struggles and aspirations of the peoples. That is why I said that I am not in favor of capitalism. I do not favor it now. When I say realistic, I mean... [pauses] I am referring to the need for reforms and opportunities that will contribute to development, but within the principles of socialism, just as you are doing here in the PRC.

[Reporter] Question number four. For more than 35 years the United States has maintained a total economic blockade against Cuba, to which we must add the approval in the United States in 1992 of the Torricelli law, aimed at intensifying that blockade. Could you tell us what measures Cuba is taking to face this act of aggression?

[Castro] Yes, of course. This was preceded by something more serious for our economy, which was the disappearance of the Socialist Bloc, and the disintegration of the USSR, which created a very difficult situation for us. Some believed that the Cuban revolution was quickly collapsing, because they did not realize the strength of the Cuban revolution, the patriotism and revolutionary awareness of our people. When they realized that Cuba was not collapsing, they reinforced the blockade, and established this Torricelli law to create more difficulties for our country in our path toward economic development while preserving socialism. This law, however, did not produce results either.

Now, recently, they have approved other laws, even harsher, which even violate the sovereignty of other countries. Those laws are in the process of approval and are being debated, because there is a rightist majority in the U.S. Congress, and they do not want to forgive Cuba for its independence. They cannot accept Cuba's independence and revolution, and for that reason, they have drafted a harsher bill which they are discussing now. We are prepared, even if they approve those bills, to continue resisting, to continue defending the cause of socialism, even to develop our country. The state has taken all the necessary measures, and it would take too long to list them in the short time we have here. The many measures we have adopted are very similar to the measures that China took during the early periods of your reform and opening.

[Reporter] The history of Sino-Cuban relations can be traced back to 140 years ago, when Chinese nationals and Cubans worked shoulder to shoulder in Cuban territory. A Cuban song called Beautiful Havana was also very popular in China during the 60's or 70's. We can say that the people of our two countries have increased their traditional friendship in various ways. Now, can you tell us what significance you attribute to your first visit to China after 36 years in power, as the representative of the Cuban people?

[Castro] Cuban-Chinese friendship can indeed be traced back a long time. The first groups of Chinese nationals arrived in Cuba during the colonial era in the last century. It was the colonialist era; China was then a feudal and semicolonial state. The Opium Wars had already taken place in 1840. The English, who claimed to be the champions in suppressing the slave trade, sent Chinese to the Caribbean and other countries under equal conditions of enslavement albeit under the disguise of contracts that later turned into deceptions. The Chinese nationals were subjected to great hardships. They brought them to different countries, but most of all to our country, which at that time was a Spanish colony. They brought in thousands of them.

During our war of independence against Spain thousands of Chinese nationals fought with us, and they were excellent, daring, and intelligent fighters. That is why in China, rather, Cuba, in Havana, there is now a monument to honor the Chinese who in the last century fought for Cuba's independence against Spanish colonialism. That monument has an inscription that reads: No Chinese was a deserter. No Chinese was a traitor. These beautiful words convey the character and spirit of the Chinese people. These ties have continued to develop all these years. They developed further during the years of the revolution, and in the past years, our relations have been improving more and more. Our relations have been growing, based on principles, based on the principles of peaceful coexistence, based on historical ties, based on China's policy of peace and cooperation. Then the moment came when we were highly honored to receive in Cuba the visit of Comrade Jiang Zemin in late 1993.

I had a long-standing wish to know China and visit China. I would have liked to have made this visit earlier, since the invitation was extended to me in 1993, but all the work having to do with the United States, the blockade, and the existence of the special period prevented me from making a long trip half way around the world, such as this trip to China. I came to the realization, however, after my meeting with Comrade Jiang Zemin in New York, that it was imperative that I make every effort to make this trip, under any circumstance. For me, this has been a truly historic event, a great joy, a long-standing dream. I think all the children of the world want to see China. They hear about China, its millenary culture, people, arts, heroic deeds, the Great Wall, and so many other things.

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I have fulfilled that desire now, and I have also fulfilled the commitment and duty to visit you, and I am very happy.

[Reporter] According to 1994 figures, commercial exchange between China and Cuba totals $250 million. Before your visit to China, did you consider that now, more than ever, the two countries have greater conditions to reach a higher level of mutual benefit? Could you tell us what that new high level means?

[Castro] We are struggling to recover our economy following the terrible blow it endured with the collapse of the socialist camp and the disappearance of the USSR, which led to the loss of 80 percent of our market and 75 percent of our imports. We had to begin to rebuild everything. We had to begin anew and work hard. The gross domestic product declined until 1993, but it began to go up a little in 1994. It was 0.7 percent. It climbed up more in 1995 to 2.5 percent. We expect it to grow next year to about 5 percent. We are recovering under difficult conditions and in the midst of an economic blockade by the United States.

China has had an excellent understanding with us. It has made every effort to maintain trade. We greatly appreciate the effort China has made to develop these commercial relations when we were experiencing a very difficult situation. This situation is beginning to improve, and, in the future, relations between China and Cuba will develop without interruptions, and they will always be on the rise.

[Reporter] The question to the president is this: The name of Fidel Castro is well-known among the Chinese people. Some young people, however, do no know about some phases of your life or your work in recent years. Could you talk to us briefly about this? We know you have personally tested the Chinese-made bicycle.

[Castro] Yes.

[Reporter] [Words indistinct]

[Castro] I feel a profound affection for the Chinese people, an undying admiration because of their millenary history, personal qualities, love of independence and freedom, their heroic struggles in the face of interventions and colonialism, and for the efforts they have made for over 100 years to attain liberation, for the work they are currently conducting, for the great economic successes they are reaching, for the activity, rather, the stability they have achieved. For that reason, I realize that China is the country of the 21st century, it is the country of the future because of its human potential, natural resources, scientific potential, the talent of its children, and the hard-working spirit of the people. I believe that in the 21st century, China will be the giant that arises. That is why I greatly admire your country, and indeed I think that Chinese—made bicycles are very important and have solved a major problem. All of a sudden, we found ourselves without fuel and bus routes were cut to 20 percent. We have over one million Chinese-made high-quality bicycles in our country, which we purchased in China with payment arrangements and at very good prices, and today, millions of Cubans ride bicycles. This has greatly contributed to the resistance of our people. In addition, we have built five bicycle factories, that is, we have turned five industries into bicycle factories, and we are completing a Chinese bicycle factory that will give us an output of 500,000 bicycles a year, with which we plan to resolve the transportation difficulties of the special period. We plan to continue using bicycles, because they are very healthy and useful. After learning to ride them, in the future, we will use fewer cars and buses. We will use them as we recover, but bicycles will continue to be used after the special period ends. It is one of the greatest inventions ever.

[Reporter] How many hours, long hours, how many hours do you work.

[Castro] When I go on a trip, I work much harder, most of all when I come to a country like this one, as friendly and hospitable as this one, where we have so many friends. I begin to work here at 0700 [chuckles]. I think I am on the go as soon as I get up, and I end at 2300. Those are not many hours, they are approximately 16 hours. In Cuba I work less. There are many young people in Cuba, and the work is very well distributed. This makes it possible for me, as time goes by, to work less in my country. When required, I work as many hours as necessary; but when it is not necessary, we have many excellent comrades who are doing a significant part of the work I used to do before, when I was younger.

[Reporter] To end this interview, as we are Chinese, we have millions and millions of viewers...

[Castro, interrupting] Yes.

[Reporter] Would you like to say something to our viewers?

[Castro] Yes. I know you have hundreds of millions of viewers. I am very grateful to this television station for the opportunity to address them. I want to thank you all for your invitation, hospitality, and warm welcome. I want to express to you my admiration and affection. I hope you will continue advancing successfully, as you have been doing so far, and that the PRC can make a great contribution to world peace, to world development, and to solving world problems.

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At the same time, I hope you will achieve the general prosperity for which you are struggling now.

[Reporter] We have a proposal. I mentioned a while ago a Cuban song. It is called Beautiful Havana.

[Castro] Havana, yes, how nice.

[Reporter] It is a beautiful song.

[Castro] Yes, very beautiful.

[Reporter] Some of us who are present here today can sing the song.

[Castro] Please do. It would be a great pleasure for me.

[Reporter] Do you sing?

[Castro] Well, a little, just a little. I do not have a very good ear for music. [crowd sings]

[Castro, laughing] Ah! You sang the song in Chinese. [laughter] That is wonderful! Thank you. Thank you. I tried not to speak too long. Are you satisfied?

[Reporter] [Words indistinct]

[Castro] It was a great honor for me to be interviewed.

[Reporter] Thank you very much. Can you sign our album?

[Castro] What is this album for?

[Reporter] You can write something in it.

[Castro] Who do I dedicate my message to? To Chinese television?

[Reporter] As you wish.

[Castro] Central Television, is that the name?

[Reporter] Chinese Central Television.

[Castro] To the Chinese Central Television, with my deepest gratitude for the opportunity to address this great, admirable, and dear people.

[Reporter] Thank you very much.

[Castro] Here is your pen.

With Jiang in Shenzhen

PA0712031395 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Nov 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] President Fidel Castro this Thursday will travel to the city of Guangzhou, the capital of Guangdong Province, on the last leg of his successful visit to the PRC before traveling to Vietnam on Friday. In Guangzhou, the Cuban president and delegation will visit agricultural development areas. There he will hold important meetings with Chinese peasants. The agriculture sector is where economic reforms began in China in the late 1970s.

The Cuban president will also visit electronics manufacturing plants, which are evidence of the development of rural industries, which currently contribute to nearly half of China's gross domestic product and a large share of exports.

Before traveling to Guangzhou, the Cuban president will finish visiting areas of interest in the city of Shenzhen, accompanied by his Chinese President Jiang Zemin, who travelled specifically to this community to accompany the Cuban president. During the visit, both leaders visited a bike factory and an electronics plant, and attended a cultural show where they could appreciate the folklore of the different ethnic groups represented in the Asian nation.

Finally, Fidel Castro and Jiang Zemin held conversations on different topics of interest dealing with bilateral cooperation and assistance, and they attended a reception offered by the government of the city of Shenzhen.

Raul Castro Marks 33d Anniversary of Security Agencies

PA0612145695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Nov 95

[FBIS Translated Text] During a ceremony to commemorate the 33d anniversary of the incorporation of military security agencies into the Revolutionary Armed Forces [FAR], Army General Raul Castro Ruz made an assessment of the importance of this incorporation. Later, he referred to U.S. aggressions against the Cuban revolution, aggressions that range from armed actions to the tightening of the embargo to provoke social outbreaks that could justify a military intervention in the island. Castro recalled that, right after the dismemberment of the European socialist bloc, the Miami mafia asked for three days of grace to kill once the revolution collapsed. Of course, Raul said, we will never forget this phrase. He said that, in 1990, when the first measures of the special period in times of peace were taken, they [words indistinct].

Finance Minister Millares Remarks on Tax System

PA0612160095 Havana Radio Havana Cuba in Spanish 1439 GMT 5 Dec 95

[FBIS Translated Text] Manuel Millares, the island's finance and prices minister, today affirmed that the basics of the Cuban tax system, which was designed as part of a strategy aimed at cleansing the domestic finances, will be established by late 1995.

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According to the official, the taxes on activities linked to renting homes and transporting cargo and passengers in private carriers, as well as the progressive taxes on the income of self-employed workers, will be defined prior to the end of the month.

In an interview published today by the daily GRANMA, which is the official mouthpiece of the Communist Party of Cuba, Millares stressed that the taxes on personal income in foreign exchange and shipping properties and the tolls for using certain roads will come into effect staring in January 1996.

These tolls, he explained, will allow us to finance the repair works in the country's highway infrastructure, especially those roads accessing the main economic and tourist centers.

However, the levying of the corresponding taxes on environmental pollution and such goods as homes, farms, and idle land will be implemented in 1996.

The current Cuban laws contemplate the payment of taxes on, among other things, sales and public services, land transportation, natural resources exploitation, transferring of goods, and self-employed workers' personal income.

[Havana PRENSA LATINA in Spanish at 1529 GMT on 5 December in a similar Havana-datelined, 350-word report adds: "Millares today said that the amount of monetary base reduction as of late 1995 is forcing us to act very carefully, because we no longer can consider removing huge amounts of circulating money. According to figures released by the minister, the country's liquidity totaled 9 billion pesos in October 1995, which is a 24 percent reduction as compared to the amount of liquidity in June 1994."]

Politburo Member: Economic Reforms To Continue

PA0612141495 Havana PRENSA LATINA in Spanish 2208 GMT 1 Dec 95

[By Eduardo Montes de Oca]

[FBIS Translated Text] Havana, 1 Dec (PL) — A high ranking Cuban official today affirmed that Cuba will consistently continue with the economic reforms necessary for development, even if the ultra-rightist forces gain power in the United States.

In speaking at a ceremony marking the 35th anniversary of the Nico Lopez Superior School of the Communist Party of Cuba (PCC), Jose Ramon Machado Ventura and [words missing] Cubans, he said, will remain "firm and alert, as they have done in 35 years of revolution."

At the ceremony at which Raul Castro, PCC Central Committee second secretary, presided, the politburo member made a call to "erect an impenetrable ideological trench, from which, he explained, we can defend the ideals of Carlos Marx and national hero Jose Marti.

"These times require a maximum ideological strength, because we are compelled to having a maximum flexibility," he added, obviously alluding to the market economy elements that have been lately implemented in the Antillean island.

In this regard, he went on, the collapse of the socialist arena, on which "Cuba leaned to face without extreme difficulties the U.S. blockade and aggressiveness," triggered a situation unfavorable to the peoples, especially the Cuban people who immersed themselves in the "special period" (which is the name of the current crisis).

The extinction of the socialist states in Eastern Europe and the Soviet Union could have elicited catastrophic consequences for the Cuban independence and social system "if leader Fidel Castro had not forecast this situation and if we did not have a very strong party," Machado Ventura pointed out.

He added that the fatherland was also saved due to the existence of people who "know how to grow with a revolutionary spirit" in the midst of the most dangerous contingencies.

The leader had previously recounted the history of the Superior School, which is the guiding force of the revolutionary education system formed by 177 other municipal schools in 13 provinces. He stressed that the school was founded in 1960 to, among other reasons, proclaim the socialist features of the revolution.

Education at the "Nico Lopez" School and the other schools is currently following the path set by their founder, Fidel Castro, consisting of participatory pedagogical techniques and the debate on and the creative assimilation of Marxism-Leninism given the island's tangible conditions, Machado underscored.

During the act, the principal's office of the High Social Studies House [Casa de Altos Estudios Sociales], headed by Raul Valdes Vivo, handed out a founder's certificate to President Fidel Castro and another certificate guaranteeing the "constant support" for the political studies program to first Vice President Raul Castro.

Vice President Carlos Lage, as well as Politburo members, ministers, and other government officials participated in the act.

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Government Signs Tlatelolco Treaty Amendments

PA0612184995 Havana PRENSA LATINA in Spanish 0004 GMT 6 Dec 95

[FBIS Translated Text] Mexico City, 5 Dec (PL) — Ambassador to Mexico Aberlardo Curbelo today signed in this capital, on behalf of his government, the Tlatelolco Treaty amendments banning nuclear weapons in Latin America and the Caribbean.

During the signing ceremony, Curbelo said that his country is thus taking a step toward the rapprochement among Latin American institutions and brandishing the region's integrationist spirit not only in the political field, but also in Latin America's commitments to make this region the world's first and largest region free of nuclear weapons.

A communique issued by the Mexican Foreign Relations Secretariat voiced the satisfaction of this country's authorities, as the depositories of this document, over Cuba's decision, which stresses the region's determination to have peace and security.

The communique also stated that this act took place as a follow-up to the signing of the treaty by the Cuban Government in Havana on 25 March 1995. The amendments were adopted through resolutions issued by the organization's general conference in 1990, 1991, and 1992 banning these weapons from the region.

The ceremony took place at the Foreign Secretariat, prior to the opening of the 10th special period of the conference, during which, in addition to considering administrative and budgetary matters, the necessary measures to strengthen the group will be analyzed.

The note the Mexican Foreign Secretariat issued recalled that, since the implementation of the Tlatelolco Treaty in 1987, Mexico has not stopped making efforts to achieve the full validity of this legal international instrument, which reaffirms the region's traditional determination to have peace and security.

It adds that the 5 December signing opens the path for the Cuban government to conclude, in due time, the process to support the amended version of the Tlatelolco Treaty, which has already come into effect in Argentina, Belize, Brazil, Chile, Jamaica, Mexico, Peru, Suriname, and Uruguay.

Minister: Nation To Build 50,000 Homes in 1996

PA0712011295 Havana PRENSA LATINA in Spanish 2150 GMT 2 Dec 95

[FBIS Translated Text] Havana, 2 Dec [PL] — Jose M. Canete, minister of the Construction Materials Industry [MIMC], announced today that Cuba is planning to build 50,000 homes in 1996, 10,000 of them in Havana.

In comments to local media, Canete said the MIMC has created the conditions that guarantee the supplies needed to carry out this task.

Housing is one of the most serious problems Cubans experience, particularly in urban areas. This situation has worsened in the last five years because of the island's severe economic crisis.

The minister affirmed that this task will demand greater technical work, the ongoing substitution of raw materials, cost reductions, and improvement in the quality of production.

Canete added that resources will be aimed at renovating and repairing homes through the sale of construction materials to the people who will carry out the works.

Canete revealed that approximately 35,000 homes will have been built by the end of this year and that the MIMC will have grown, in general, approximately 16 percent compared to 1994.

Canete assured that the efforts of workers and technicians, joined with the use of Cuban crude oil in the production of cement and cement exports, prevented the collapse in the country of the construction materials industry, which was able to check its decline last year.

He said production costs have dropped, adding they will not register a negative balance by the close of 1995, when 12 million pesos (same amount in dollars at the official exchange rate) in production costs are expected to be disbursed. The minister recalled that this type of subsidy reached 80 million pesos toward the end of the 1980's.

Exports in the sector will reach about $27 million, $9 million more than in 1994, Canete said. Canete estimated 1996 sales of $33 million, which represent a 15-percent increase compared to 1995.

Canete said the government will set aside $15.7 million of this MIMC income for housing construction and other social works.

Decree Issued on Measures Against Property Violations

PA0712021095 Havana PRENSA LATINA in Spanish 1359 GMT 2 Dec 95

[FBIS Translated Text] Havana, 2 Dec (PL) — According to a decree issued by the Council of Ministers, Cuba will soon enforce strict legal measures against those who violate the system of possession, property, and inheritance of land and agricultural goods.

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An article published today in the daily GRANMA states that the text of the decree (No. 203 of the Executive Committee) stipulates the actions subject to sanctions, fines, and other measures. It also defines the authorities in charge of imposing them and resolving the appeals.

According to the regulation, those who occupy state-owned land given to cooperatives or private individuals and those who authorize, without being empowered to do so, or allow the occupation of these properties and those in usufruct, will infringe the aforementioned system.

Likewise, those who acquire or become the owners of state-owned land belonging to cooperatives or in private hands through purchases or other forms of transfer will be prosecuted.

The decree also stipulates as infringements the division into plots or the transfer of land for urbanizing purposes or for other nonagricultural uses banned by the authorities, as well as those uses having nothing to do with the approved basic production line or those uses establishing illegal partnerships or rents.

In order to contribute to a more efficient land exploitation, the decree includes a 1,000 peso fine and the demand for the land owners or users who neglect or waste the land without a justification to immediately start working it.

In addition to the aforementioned measures, which add to the changes undertaken on the island recently, including the use of idle lots, the law encompasses those who fail to provide to the state the agreed-on amounts of products, the sale of which is not allowed at the farmers markets.

Individual producers, cooperatives, and state-owned institutions go to these markets that were created recently (to sell the surplus production). The law of supply and demand operates in these markets, thus constituting an element of the reforms developed on the island.

Other changes include the opening to foreign investments, the levying of taxes, and self-employment, particularly in the services sector.

Correction to Envoy to PRC Previews Visit

PA0212164095 Beijing Cubavision Internacional Television Feed 28 Nov 95

The following correction pertains to the item headlined "Envoy to PRC Previews Visit," published in the 29 November Latin America DAILY REPORT, page 4:

Make sourceline read: ...Beijing Cubavision Internacional Television Feed in Spanish 1432 GMT 28 Nov 95.... (changing city of origin to Beijing)

Correction to Labor Minister Views of Institutions

PA0412200395

The following correction pertains to the item headlined "Labor Minister Views Maintenance of Institutions," published in the 30 November Latin America DAILY REPORT, page 5:

Page 5, column two, paragraph one, only sentence, make read: ...social security minister of Cuba, has... (deleting editorial notation); and

Page 5, column two, paragraph two, only sentence, make read: ...and economy," the head of the Labor and Social Security Ministry (CETSS) [acronym as received] pointed out in.... (rewording, supplying editorial notation)

Correction to Further on Rejection of Human Rights Report

PA0112213395

The following correction pertains to the item headlined "Further on Rejection of Human Rights Report," published in the 1 December Latin America DAILY REPORT, pages 6-7:

Make headline read: ...Further on Envoy to UN Rejecting Human Rights Report.... (rewording for clarity)

Haiti

Former FRAPH Leader Said To Confirm Work With CIA

PA0612231195 Port-au-Prince Signal FM Radio in Creole 1230 GMT 4 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The former head of the Haitian paramilitary group Revolutionary Group for the Promotion and Progress of Haiti [FRAPH] confirmed that he was an agent who used to be paid by the CIA, in an interview he gave on television and which was aired yesterday, Sunday.

Emmanuel Constant, who remains in jail in the United States after he entered the country illegally last year, asserted on the television station CBS that he met regularly with the head of the CIA sub-branch in Haiti, that he was given a code name: Gamal, sophisticated equipment, and $700 per month.

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Constant, who is sought in Haiti by the Criminal Justice Department, confirmed information released by the press on his relations with the CIA that began shortly after the coup d'etat that overthrew President Jean-Bertrand Aristide in September 1991 to the television station. The FRAPH is accused of beating up, raping and killing several partisans of President Aristide.

Constant said that he stopped working for the CIA following the return of President Aristide to Haiti with the support of the United States. The press informed several times that the authors of the military coup d'etat of 1991 were paid by the CIA for 10 years until 1990. The CIA, that is now examining its policy on its agents abroad, has refused to comment on its relations with the head of the FRAPH while denying that it was involved in anti-democratic activities in Haiti. CIA Director John Deutsch asserted that the agency had to give up information on those whose crimes and abuses weighed more than the quality of the information they were giving.

Constant confirmed yesterday that he had very good relations with the CIA.

OAS Observers View Electoral Campaign

PA0712010295 Port-au-Prince Radio Metropole in French 1700 GMT 6 Dec 95

[FBIS Translated Excerpt] The first observers of the OAS for the 17 December elections — about 40 — are already in Haiti. They will soon be 300, in order to supervise the elections. Meanwhile, the OAS electoral mission is cooperating with the CEP and the presidential candidates. Let us listen to a report by Rotschild Francois, Jr.

[Begin recording] [Francois] The electoral observation mission of the OAS is mobilizing on the field 12 days before the presidential ballot. So, about 40 OAS observers are already in the country to follow the unfolding of the electoral process. They will be 300 on the polling day on 17 December. These observers will be placed under the direction of (Collin Granderson), current head of the civilian mission.

Mr. (Granderson), what is the OAS electoral observation mission doing during the campaign?

[(Granderson)] They are now revising the new voters registration lists and are closely following the electoral campaign as well. On the spot here in Port-au-Prince, of course, we are closely following the evolution of the process through contacts with the Provisional Electoral Council, its president and members. We also keep in touch with the presidential candidates in order to understand better how they see the unfolding and the evolution of the process, and also to be aware of their worries and their concerns regarding the process. [passage omitted]

[Francois] As regards the electoral campaign, the OAS mission has noted so far the same thing as the general public: The candidates hesitate to convene big gatherings in both Port-au-Prince and the province cities. [passage omitted] [end recording]

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Army Backs Zedillo's Bid for Peace in Chiapas

PA0612123295 Mexico City NOTIMEX in Spanish 0204 GMT 3 Dec 95

[FBIS Translated Text] Tapachula, Mexico 2 Dec (NOTIMEX) — The Mexican Army supports President Ernesto Zedillo in seeking a peaceful solution to the conflict in the Mexican southeastern state of Chiapas, Jorge Justiniano Gonzalez, military commander assigned to the region, stated today.

The officer, assigned to the 36th Military Zone, told the press in Tapachula that the peace talks between the representatives of the government and the Zapatist National Liberation Army (EZLN) [words indistinct] determination and stability.

"It does not matter whether the peace talks are slow; what truly matters is that they are genuine, firm, and definitive, because the people of Mexico and the people of Chiapas must be the victors at the end of this dialogue," he said.

He remarked that the situation in the area of Los Ajitos in Chiapas — where the EZLN headquarters is located — is peaceful and that those who are spreading rumors of confrontation are those who want violence.

The representatives of the government and the EZLN are holding periodic talks to negotiate a definitive peace agreement.

President Zedillo, supreme commander of the Mexican Armed Forces, has emphasized that the government is intent on finding a peaceful solution to the conflict in Chiapas and that measures will be adopted to overcome neglect and poverty in that state.

The EZLN rose up in arms on 1 January 1994 to assert the rights of the Indians. Since the first half of that month, the conflicting parties have maintained a cease-fire in the area. The federal government announced on Saturday a program of action to promote sustainable development in Chiapas that will be implemented in 1996.

The program "Actions of the Mexican Government to Overcome Poverty in Chiapas" includes an epigraph by the president in which he stresses that the aspiration of Mexicans is not to have a country of strong contrasts between wealth and poverty but between opportunities and well-being.

In 1995 — the document points out — the population of Chiapas amounted to 3.8 million inhabitants, and it is estimated that 4.6 [words indistinct] million, with a very large percentage of youth with a high reproductive potential, which would increase social backwardness in the state.

Government Secretary Comments on Salinas' Letters

PA0612151095 Mexico City XEW Television Network in Spanish 0400 GMT 6 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Government Secretary Emilio Chuayffet on 5 December talked about the new policy of letters.

[Unidentified reporter] Chuayffet talked about the letters former Mexican President Carlos Salinas de Gortari sent to the public.

[Begin Chuayffet recording] I believe that we have to be very observant. All Mexican citizens are entitled to express themselves, are free to express themselves. Well, if letters are used, they constitute, after all, a constitutional right. [end recording]

[Reporter] In a brief interview with reporters prior to leaving the Bucarelli Offices for La Casona de Barcelona to meet with members the Harmony and Peace Commission for Chiapas, Secretary Chuayffet said he has not had any contact whatsoever with Mr. Salinas. The former added that there are no groups seeking to destabilize Mexico.

[Begin Chuayffet recording] I do not believe there is any such group whatsoever. I, on the contrary, believe that, regardless of the fact that we are facing adverse economic circumstances that are being resolved thanks to the firm economic policies the president of the Republic is implementing, an overwhelming, an overwhelming majority of Mexicans want the country to move forward. [end recording]

[Reporter] He was asked if former President Salinas could come to Mexico and responded that the constitutional rights are valid for everyone and that they are restricted only in the cases the laws themselves stipulate.

Commission Probe of Conasupo, Raul Salinas Starts

PA0612162195 Mexico City XEW Television Network in Spanish 0400 GMT 6 Dec 95

[Passages within quotation marks recorded; from the "24 Hours" newscast]

[FBIS Translated Text] The special commission that will investigate the Conasupo [National Company for Basic Commodities] started working on 5 December at the Chamber of Deputies.

[Unidentified reporter] The commission investigating Conasupo, which is made up by 16 deputies from the

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PRI [Institutional Revolutionary Party], PAN [National Action Party], and PRD [Party of the Democratic Revolution] and by the citizen legislators, held its first formal working meeting on 5 December in San Lazaro for more than two hours in private. Manuel Hinojosa, who is the commission's president, said in an interview that they will investigate Conasupo focusing, in principle, on the activities that Raul Salinas de Gortari carried out.

[Hinojosa] "Well, the period consists of the working period or the period in which Mr. Salinas was in the [words indistinct]. We will see what comes up in the investigation we are conducting."

[Reporter] He explained that 25 speeches were delivered to outline the different proposals from the parliamentarian blocs. They decided that the commission's board of directors will follow a single agenda encompassing all such proposals to expedite the work. The definite agenda to start the investigation will be ready on 13 or 14 December. He also explained that they will not allow any workers from Conasupo or its branches to advise them in the investigation.

[Hinojosa] "Of course, a number of workers, legal professionals, public accountants, and auditors will be the ones who will explain to us the state of the investigations we will conduct."

[Reporter] PRD's Carlos Navarrete said that among the proposals, the one summoning several officials to the investigation commission prevailed. However, they did not propose to summon former President Carlos Salinas de Gortari.

[Navarrete] "It has not been proposed, and I believe it will not be proposed for the next few days. It is a delicate issue that we need to discuss well. We will make a decision in due time, not before that, because we cannot start at the end."

[Reporter] They pointed out that they all are acting seriously and responsibly in order to obtain evidence and documents to conduct a limitless, in-depth investigation.

Switzerland Investigating Raul Salinas' Activities

PA0612230295 Mexico City LA JORNADA in Spanish 5 Dec 95 p 12

[Report by Juan Manuel Venegas and Ciro Perez Silva]

[FBIS Translated Text] Swiss authorities have confirmed to Mexican authorities that Switzerland has initiated an investigation on drug trafficking and money laundering activities, crimes in which Raul Salinas de Gortari — who has bank accounts in that country — and his wife Paulina Castanon Rios Zertuche are reportedly involved.

The investigation being carried out by the Swiss authorities indicate that the accounts in the Union des Banques Swisses for $83.9 million reportedly were used to finance drug trafficking operations.

There is also the belief that drug trafficking organizations are laundering money in institutions of that European country and that when the U.S. DEA "confirmed clues" on Raul Salinas links with drug trafficking, the investigations began. This was reported following the first meeting held between the chief of the central antinarcotics office of Switzerland, Valentin Roschacher, and Mexican officials.

Roschacher's visit to Mexico has been shrouded by absolute secrecy. No official has dared mention where he is staying and it was not until the afternoon when it became known that he held meetings with Attorney General Antonio Lozano Gracia and Prosecutor Pablo Chapa Bezanilla, among others.

Regarding drug trafficking and money laundering charges with which Mrs. Raul Salinas could be charged in Switzerland, sources from the Office of the Attorney General of the Republic [PGR] affirmed that once the Swiss "confirm" the charges in Mexico, "an investigation of these crimes could be initiated on Salinas."

For months the Mexican authorities have called for the cooperation of other countries. The cooperation was requested when the authorities discovered that Raul Salinas, using the alias of Juan Guillermo Gomez Gutierrez, had made several bank deposits abroad.

The Mexican request, which also alerted about possible bank movements abroad, was based on a possible illegal acquisition of wealth by Salinas when he was a public official.

Based on that request, on 15 November the Swiss police arrested Paulina Castanon and her brother when they tried to withdraw $1 million from an account of almost $84 million, using a power of attorney and identifications with Salinas alias: Juan Guillermo Gomez Gutierrez.

The arrest was due not only to the Mexican report on the allegedly illegal bank accounts of Raul Salinas, but to the fact that the Swiss police filed drug trafficking charges against the brother and sister.

Almost "the very day of their arrest," DEA "confirmed" clues about possible links between Raul Salinas and drug trafficking operations. This has not been denied by Mexico.

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This is the issue that was discussed with Roschacher: The possible links of Salinas with drug trafficking businesses, considering that in Mexico the investigations indicate that actions Salinas allegedly carried out in detriment of the National Company for Basic Commodities do not explain away the accounts he has in Europe (the PGR has confirmed information that in addition to his accounts in Switzerland, he has accounts in London).

Paulina and Antonio Castanon will remain under arrest in Switzerland since the investigations, because of "possible links with the mafia," have just begun and Roschacher reportedly came to Mexico not only to exchange information but also "to seek more evidence" on the charges filed in his country against the Mexican citizens.

Government Said Concerned About Investigation of Salinas

PA0712012195 Mexico City LA JORNADA in Spanish 4 Dec 95 p 5

[Report by Salvador Guerrero Chipres]

[FBIS Translated Text] The executive's reluctance to begin an open investigation of former President Carlos Salinas de Gortari is prompted by the concern that "fundamental financial instability" could result due to the resources that would be shuffled, according to a Government Secretariat statement.

There is a suggestion included in a "data file" known to certain Government Secretariat officials to summon the former president in January due to the political costs to the government and President Ernesto Zedillo's image because of the growing cry for an investigation of Salinas.

There are two concerns worrying the Government Secretariat should one of the scenarios being studied require summoning Salinas to answer charges.

We have the shareholders of important financial groups who are connected in one way or another to the Mexican Council of Businessmen (CMHN) and other entrepreneurial associations with important links to domestic and foreign capitals. There is uncertainty about the impact on investments and domestic market capitals caused by a crisis unleashed in the stock exchange due to shareholder pressure on the better trading stock.

Up to last week, the text, which is less than a page in length, was on a yellow piece of cardboard normally used for a cue card in daily interviews at the Government Secretariat. The card states Salinas is in no position to mobilize thoughts of opinion or noteworthy leaders within the government.

The basic concern is said to be about actions by those linked to the private sector or by those who have benefited in some way by privatization and budget assignments during Salinas' term following the term of Miguel de la Madrid.

It was recalled that in December 1988 there were 618 parastate enterprises out of which 204 had begun the privatization process, and 414 were operating. Between that date and Salinas' penultimate year in office, 139 enterprises were liquidated, 48 were declared wiped out, 17 were merged, 11 were transferred, and 39 were added through a process called recategorizing.

Up to 31 December 1993 there were 258 parastate enterprises, of which 48 were being privatized, 32 were being liquidated, three were in the process of being "wiped out," and 13 were up for sale.

From the transfer of enterprises with a majority of government capital—the so-called minorities, that is, diverse assets and industrial units—69,360,090 new pesos were earned. The money obtained from the sale of banks during Salinas' term represented 55 percent of this amount. This money served to form the so-called contingency fund.

Government Secretary Emilio Chuayffet Chemor admitted on 2 December that the "enemies to be defeated," those who resist Ernesto Zedillo's political reforms, represent a considerable force although a minority and are within the system: "The truth is there are people with power, but the fact is the moral force of the president of the republic, in my opinion, as well as the moral force of the millions of votes of his term, is greater."

He added: "The Mexicans who voted for Zedillo voted for a change, and those who did not vote for Zedillo also want a change; therefore, I believe that in the face of powerful interests—those who are particularly interested in ensuring that the political reforms are not carried out—we should have the necessary intelligence to strategically make these changes."

He said the president has set out to "mend bridges."

On 30 November, the president met with CMHN members, including the 39 men representing the country's most powerful economic financial groups, some of them former CMHN and Business Coordinating Council presidents.

They announced that $6 billion will be invested in 1996, because CMHN President Claudio X. Gonzalez, a former Salinas adviser, said "there is a course in Mexico and there is leadership" as far as foreign investment is concerned.

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Finance Secretary Says 1995 Bad Year for Economy

PA0712012595 Mexico City XEW Television Network in Spanish 0400 GMT 5 Dec 95

[Report by Susana Castaneda from the "24 Hours" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] [Castaneda] Finance and Public Credit Secretary Guillermo Ortiz has said interest rates are expected to drop on Tuesday:

[Ortiz] "Despite the measures that have been taken, specifically the ADE [Agreement for Immediate Support to Bank Debtors], we still have a very serious problem: the excessive indebtedness of companies and families."

[Castaneda] Ortiz has said the following:

[Ortiz] "This year, 1995, has been perhaps the worst year the Mexican economy has experienced in recent decades, since the times of the Mexican Revolution. I am not certain whether we have had such a severe drop in production as this year since the last depression during the 1930's. This year has certainly been one in which the entire productive sector has been affected."

[Castaneda] Nevertheless, Ortiz has said certain improvements have been achieved:

[Ortiz] "It is true that some of these improvements are not discernible yet, that they have yet to be perceived in the recovery of the people's purchasing power, and that we are just beginning to notice a reversal in unemployment. I believe what is important is that we have corrected certain imbalances and that we are moving along the right path."

[Castaneda] The Finance Secretary has said 42.8 percent of the budgeted public spending for 1996 will be spent during the first semester. Ortiz has said this year's public spending was only 34 percent.

Official Discusses 1996 Budget For Social Programs

PA0712122495 Mexico City LA JORNADA in Spanish 5 Dec 95 p 17

[Report by Laura Gomez Flores]

[FBIS Translated Text] The social program budget for 1996 will total 11 billion pesos, of which 8.250 billion will be earmarked for the states through the Decentralization Program of the Secretariat of Social Development [Sedeso], Gonzalo Martinez Corbala has reported.

Martinez Corbala, head of the Sedeso Decentralization Unit, reported that spending in social sectors only increased by 10 percent regarding investments this year; however, the funds will only be used for the establishment of programs to fight poverty and not to build works of infrastructure.

Sedeso will assume new duties that will involve transferring, overseeing, regulating, and guaranteeing that federal social spending is done right, because the states will determine what their priorities are.

The official affirmed that beginning next year, only extreme poverty-stricken areas will be serviced, such as Oaxaca, Guerrero, Hidalgo, Puebla, Quintana Roo — with the exception of Cancun — and Chiapas. He added the funds "will not be used to build small parks or plazas."

Currently only five states are yet to be included in the distribution of federal resources, including Chiapas. In this state, the amount of resources that will be allocated has not been determined yet because of the current problems.

Gonzalo Martinez Corbala explained that the Secretariat of Finance and Public Credit, and not Sedeso, will establish the financial ceilings for each state, according to the studies that have been carried out up to now.

The task of Sedeso will be to oversee that these resources, which total approximately three fourths of the total federal budget, are channeled to reduce poverty. "I believe that with the new measures that will be adopted it will be difficult to maintain a tight control of the resources; however, we will watch out for any possible irregularity," he indicated.

Martinez Corbala concluded that the decentralization process of sector XXVI — intended to tackle poverty — is on the right track, although advances in this area will be clearly seen next year.

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El Salvador

Ruling Party Asks Tribunal To Investigate FMLN

PA0712023395 San Salvador EL DIARIO DE HOY in Spanish 6 Dec 95 p 5

[FBIS Translated Text] The ruling Arena [Nationalist Republican Alliance] party has asked the Supreme Electoral Tribunal [TSE] to investigate the former guerrilla group Farabundo Marti National Liberation Front (FMLN) to establish "whether it has weapons depots."

Arena deputies filed the request after statements by Peruvian officers were made known in El Salvador that that country's guerrillas purchased weapons from Salvadoran subversives.

During a news conference, Arena Deputy Gerardo Suvillaga said all of Latin America's subversive movements are tied by an umbilical cord to drug traffickers, a mafia with which they engage in gun running.

It is a matter of concern that the "Tupac Amaru Revolutionary Movement (MRTA)" has purchased weapons from Salvadoran guerrillas, according to Peruvian sources. We have to rule out that the FMLN has weapons depots, he added.

After recalling that the Constitution forbids the existence of political, religious, or trade with armed groups, Deputy Suvillaga demanded that the TSE investigate the FMLN, because all the parties must follow the same rules of the game in a democratic system.

"We cannot play with democracy, which has cost the Salvadoran people so many lives," he has said.

An international mafia in El Salvador and Nicaragua purchased the weapons found at the safe house of a Peruvian guerrilla column captured on 1 December. Peruvian President Alberto Fujimori has said drug trafficking gangs with ties to the MRTA could have supplied the weapons. Among the weapons seized were FAL and AK-47 rifles, U.S.-made grenades, grenade launchers, machine guns, ammunitions, and communications equipment, war materiel which coincides with the kind employed by guerrilla groups in El Salvador and Nicaragua, according to information from Peru.

They Reject Handal's Statements

During the same news conference, Deputy Rene Figueroa expressed regret over the recent statements by guerrilla leader Jorge Shafik Handal, who has said: "We got the impression" the Zona Rosa massacre "was a good idea."

"We condemn and regret those unfortunate and distasteful remarks, because there is no justification for a massacre," the congressman said.

"We are concerned because they also consider as a good initiative the destruction of the assembly plants, as well as the rejection of the approval of certain laws and the ratification of loans with international organizations," Figueroa added.

He said communists will continue to employ the same language they had during the war, when they committed murders and destroyed the national infrastructure. "The idea and purpose is the same," the Arena deputy said.

The FMLN General Command has voiced its solidarity with the PRTC [Revolutionary Party of Central American Workers] (one of the five groups that comprised the former guerrillas) although it did not know what the Zona Rosa operation was all about, Handal said on 3 December.

"We expressed our solidarity so they would not be left alone, given we got the impression it was a good initiative," said Handal, one of the communist leaders of the FMLN.

According to Deputy Suvillaga, "only a person with the mentality of a brontosaurus could say such a thing."

After the massacre, the General Command established a policy against harming U.S. properties or citizens in the country because of that government's position of invading the country, he said.

National Police To Create Crisis Handling Group

PA0712012395 San Salvador EL DIARIO DE HOY in Spanish 6 Dec 95 p 7

[Report by Jaime Garcia]

[FBIS Translated Text] Heeding recommendations made by Victor Valle, inspector general of the National Civilian Police (PNC), the director of the police institution, Rodrigo Avila, said a group specialized on crises will be created to avoid clashes between demonstrators and members of the Order Preservation Unit (UMO) [Unidad de Mantenimiento del Orden].

The new unit will be called "Crisis Handling Group" and will comprise a multidisciplinary group of executive and high-level PNC officers.

They will have the support of psychologists who will intervene to avoid friction between the parties in conflict.

Avila said the objective will be to achieve a balance and carry out careful police action without abandoning the legal framework.

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Moreover, the Human Rights Ombudsman, Dr. Marina de Aviles, praised the initiative and said the group will try to help the subcommissioner when facing incidents of tension between demonstrators and the riot police.

Likewise, Public Security Minister Hugo Barrera said that last week he reached an agreement with the Human Rights Ombudsman to create a working group with the knowledge of the procedures to be followed in times of conflict.

He explained that the group, either mixed or unilateral, will be in charge of the initial rapprochement with any demonstration that is violating the law.

He also ruled out that the creation of this group is due to the Human Rights Ombudsman not working correctly in past conflicts between civilians and the riot police.

Report Will Be Reviewed This Week

The recommendations made by PNC Inspector General Dr. Victor Valle on the reforms to the UMO will be reviewed this week by the PNC director, the Public Security minister, and Dr. Valle himself.

In this regard, Avila said he shares Valle's opinions in many topics. In fact, he said, the PNC Control Unit has drafted a similar report on the UMO's actions on 23 November, which coincides with the recommendations made by the inspector general in several topics.

He said measures to restructure the UMO and other divisions of the PNC will be implemented bearing in mind the report drafted by Valle and the recommendations made by foreign advisers.

He said he agrees the psychological profiles and personal attitudes of the UMO members should be reviewed.

He added that the restructuring of the UMO does not involve dismissals, but a proper evaluation so the authorities can take responsible action in future confrontations.

He explained that even though the members of the UMO are trained to deal with crises and to work under pressure, they are human and can make mistakes.

He said the policemen are being stretched to the limit in the PNC because they are forced to work 12 and 16 hours per day, which leads to stress.

Academy Could Train Riot Police

In the same framework, Dr. Mario Bolanos, director of the National Public Security Academy, said it is this institution's obligation to train the PNC in the various specialties but the UMO had not been assigned to them.

He added that the training of the UMO candidates is the responsibility of foreign advisers because there are agreements with various countries for the training of this special unit.

He said, however, that he is waiting for the report of the PNC inspector in order to review the possible changes.

Guatemala

Suspect Arrested in Attempt to Kidnap U.S. Citizen

PA0712010895 Guatemala City SIGLO VEINTIUNO in Spanish 6 Dec 95 p 4

[FBIS Translated Text] Several individuals traveling in a sports car with tinted glass windows tried to kidnap U.S. citizen Debora Casman, 29, member of the UN Mission for Guatemala (Minugua) in Huehuetenango yesterday.

The incident occurred yesterday at noon, when Casman arrived at the Regional Verification Office in Huehuetenango, according to a preliminary report from the National Police, which also announced the arrest of one of the presumed kidnappers. Several police agents arrested Salvador Mendoza Hernandez, 48, after chasing the vehicle that had intercepted Casman for several blocks. Mendoza's accomplices managed to escape.

According to the police report, the timely intervention of private guards prevented the kidnapping, when the guards started firing at the criminals who were about to abduct Casman, which alerted the civilian security forces.

Casman's frustrated kidnapping is added to a series of actions against Minugua, including the recent machine gunning of its main office in Guatemala City.

Commenting on the incident, Human Rights Ombudsman demanded that the president, the interior minister, and the National Police director stop deploring the wave of violence and instead comply with their constitutional duty of guaranteeing security for Guatemalans and foreigners who live in the country.

Honduras

President Comments on Amnesty, Elections, Electricity

PA0712132495 San Pedro Sula TIEMPO in Spanish 6 Dec 95 p 3

[FBIS Translated Text] Sanquin, Francisco Morazan — President Carlos Roberto Reina said yesterday that the three amnesties issued by previous governments benefited civilians as well as military men, because their goal was to put past events behind us.

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"We have already heard all kinds of opinions and the most prudent one said that the entire phase is covered because the goal is to forget, that is, civilians and military men are included, and I think that this is the right thing to do," the president noted during an interview. [paragraph as published]

He added that the National Party, as the opposition, is interested in honest elections in order tc maximize its chances.

Reina noted that a new and more trustworthy, legitimate, and authentic identity card is a priority for all Hondurans, because the existence of many counterfeit cards undermine democracy and the electoral processes.

He criticized those who do not want an honest electoral process, because "it is a mistake to dream of regimes based on force; they were a nightmare and not a dream."

President Reina pointed out the need to open a debate on this issue, because electoral processes are hampered by lack of an appropriate card to identify Hondurans.

He said that the National Enterprise for Electric Power (Enee) should be drastic with its "debtors;" otherwise, a majority of the people would be adversely affected.

President Reina, however, admitted on 4 December that he interceded to restore electricity to certain agencies of the Military Welfare Institute (IPM), which maintains debts with Enee.

"Enee is an autonomous company that already started to suspend electricity service to those who maintain huge debts... all the pessimism is over and we are now able to sell electricity and improve the situation," he said.

As for the constant manipulation of polls, Reina pointed out that these types of popular consultations are only valid if the polling firm has no vested interests.

Finally, President Reina assured that the country's economy will grow by about 6 percent this year compared to -1.5 percent in 1994.

Taiwanese Firm To Invest in Country

96P20134A

[FBIS Media Note] A Taiwanese firm announced yesterday in Tegucigalpa that it is studying the possibility of investing $4 billion in the production of electric energy and in the construction of a cement factory in Honduras.

A spokesman for the Taiwanese technical delegation on electric energy visiting Honduras said that the $4 billion investment will be made over the next 10 years. The company in question is Osloww Associates, whose executive officers met last week with Honduran officials.

The most important projects would be the ones pertaining to electricity, with an investment of $3 billion. The remaining 560 million would be invested in a cement plant.

In the next four years, the Honduran authorities plan to build three hydroelectric complexes, in which the Taiwanese companies hope to invest.

There are already about seven Taiwanese companies established in Honduras that have invested more than $20 million.

On the other hand, between December 1995 and January 1996, Honduras expects the arrival of 1,000 Taiwanese investors who will become familiar with the guarantees and services that Honduras has to offer to foreign investment. (San Jose LA NACION 28 Nov 95)

Nicaragua

National Assembly Adds Article 194 to Electoral Law

PA0712001195 Managua EL NUEVO DIARIO in Spanish 1 Dec 95 p 8

[Report by Edgard Barberena S.]

[FBIS Translated Text] An article to the Electoral Law the National Assembly added last night, with 57 votes in favor, 18 against, and four abstentions, is the latest nail in the coffin for the presidential aspirations of the "candidate" whom the Constitution bars—Antonio Lacayo.

Hernaldo Zuniga presented the article and was supported by attorneys Danilo Aguirre, Adolfo Garcia Esquivel, and Nardo Sequeira. It was added to the Electoral Law as Article 194 and reads as follows:

"The Supreme Electoral Council [CSE] will not register as presidential candidates the following: presidents, vice presidents, National Assembly deputies, municipal mayors, and whoever does not meet requirements or is barred from running by Articles 147, 134, or 178 of the Constitution."

The Electoral Law article, which has constitutional rank, also authorizes the CSE to decline registration for whoever heads or finances a coup d'etat or disrupts constitutional order, ministers of any religion who do not renounce their posts at least 12 months before the elections, and those who have renounced their Nicaraguan nationality.

Article 134 authorizes the CSE to deny the registration for candidacies of deputies, ministers, deputy ministers, magistrates of the judicial branch or of the electoral

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council, the comptroller general, and the ombudsman unless they have renounced their posts 12 months before the elections, which will take place on 20 October next year.

Constitutional Article 174, which the new Electoral Law article mentions, establishes that state ministers and deputy ministers are prohibited from running as candidates for mayor unless they have renounced their posts 12 months before the elections.

The new Electoral Law article constitutes part of the chapter on electoral crimes, approved with 70 votes in favor, with the assembly plenary establishing penalties, including prison terms ranging from 30 to 180 days in prison for citizens who deliberately disobey instructions from polling boards on how to vote.

Article 188 of the Electoral Law lists other punishable actions, such as the destruction of electoral propaganda. Public officials, employees, or authorities who do not heed orders from electoral organizations are also open to penalties. Those found guilty of bribing, threatening, or acting with violence against any person to make that person favor a particular candidate will receive unappealable sentences ranging from six to 12 months in prison. This also includes those who register to vote more than once.

Several transgressions presented by Deputy Julio Marenco that warrant unappealable sentences were incorporated as such to the law. Article 192 [as published] approved last night at the plenary meeting established that the Attorney General's Office will request penal actions against individuals found guilty of the crimes mentioned here.

Deputy Marcia Quezada proposed an addition that was approved by 59 votes in favor and none against, with 10 abstentions. This addition modified the last part of that article establishing that "six months prior to each election, plebiscite, or referendum, the Attorney General's Office will appoint the specific electoral attorney who will function for the duration of the process under the attorney general's authority."

Prior to the closing of the session, to be continued at 1400 on 4 December, the assembly approved a modification (61 votes for, two against and eight abstentions) proposed by Deputy Alonso Porras establishing that the Government Ministry will form an electoral police force that will function under CSE orders from the beginning of the campaign until the day the elected authorities assume power.

During yesterday's session, the assembly approved a chapter on the election of mayors, deputy mayors, and members of municipal councils and a section on poll errors, null votes, and recounts.

Correction to Clinton, Congress in Confrontation

PA0612183495

The following correction pertains to the item headlined "Clinton, Congress in 'Confrontation' on U.S. Envoy," published in the 5 December Latin America DAILY REPORT, page 24:

Column two, please make sourceline read: ...Managua Radio Sandino in Spanish 1200 GMT 4 Dec 95... (correcting source); and

Column two, please make subslug read ...[From the "What's Happening" newscast]... (correcting subslug)

Panama

Article Criticizes U.S. Officer's Remarks on Bases

PA0712132595 Panama City LA PRENSA in Spanish 6 Dec 95 p 46A

[Article by Franklin Ledezma Candanedo: "Sovereignty, Not Privileges"]

[FBIS Translated Text] The recent statements made by a high-ranking U.S. Armed Forces spokesman were offensive to national dignity. He said that Panama, in case some military bases remained on this soil, must help in "the funding," as do Germany and Japan, countries where they are paid "to complement their efforts."

This cutting remark should have caused an explosion of real nationalism, materialized in the joining of decided efforts to perfect the independence of our native land through the strict compliance with the pact signed in 1977, only effort that must guide the actions of government.

Similarly, this will permit us to tell nationals and foreigners alike that our sovereignty is not up for sale on the exchange market, that it is an indivisible whole — although temporarily controlled — which we inherited from great men who had faith in the fatherland, and for which so many heroes gave their blood.

The absurd issue under discussion also serves to demonstrate with concrete deeds, not with demagogic electoral speeches, that the antimilitary calling of Panamanians is real. In other words, it is the time to assume upright positions, proving that we not only conveniently reject domestic militarism, but also foreign militarism and, above all, the fact so many lives were sacrificed during the past and present century.

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In this regard, we should bear in mind that the blood of so many anonymous heroes is still fresh, when in 1989 the "star wars" took form on our soil. That year, the shield of dignity confronted the supremacist empire, following the invasion launched with the pretext of apprehending the individual responsible for the crisis. And the fact is that said bloody event had very different purposes, such as those employed today regarding the permanence of their military bases. According to U.S. spokespersons, they don't need these areas, nor do they want them, nor can they pay for it.

The unbelievable and offensive thesis under analysis also allows us to see that, in this unequal bilateral relationship resulting from the waterway traversing the Isthmus, the owner of the territory has obtained little benefits while the dividends of the capitalist counterpart have been — and still are — fruitful. In this regard, one should ask: What has been the fate of the surplus value, represented in the Panamanian water used and lost due to the operation of the Canal during its 91 years?

Although it is true — as Mr. I. Roberto Eisenmann expressed in a great article published months ago (LA PRENSA, 15 March 1995) — that the fear of liberty dominates many people, our love for the redeemed fatherland should make us overcome it. This should be done in keeping with the actions of those who gave their generous blood to that end, without futile divisionism or cheap comedy acts that only contribute to keeping Panama subordinated to the ruling empire.

We trust that the period of the "Naive Fatherland" [Patria Boba] only exists as a historical citation in reference materials. We should not be afraid of arguments that appear logical or those imposed by force, the barbaric language of which we know because they have left offensive and painful marks in the Bolivarian Isthmus.

Taiwan Ready To Invest in Central America

PA0612125295 Panama City ACAN in Spanish 1556 GMT 3 Dec 95

[By Franco Rojas]

[FBIS Translated Excerpt] Panama City, 3 Dec (ACAN-EFE) — Thousands of Taiwanese businessmen this year finished polishing their strategic commercial plans and are preparing to virtually invade Central America beginning in 1996 to promote its economic development and place the poverty afflicting more than half of its population "in check."

Andres Liu, economic adviser of the Taiwanese Embassy in Panama, told ACAN-EFE today that in Panama alone the Taipei Government plans to install 54 manufacturing companies in 1996 in a former military base along the canal that the United States reverted to Panama in September.

In Fort Davis, along the canal's Atlantic shore, Taiwan will install an industrial complex within 100 hectares and create 20,000 jobs, the economic adviser added.

Taiwan will also invest $80 million in the construction of a container port in Coco Solo, on the Caribbean, where the Colon Free Zone, one of the hemisphere's most important areas, with 1,600 companies, operates.

This country has ongoing projects with Panama to develop the maritime industry, hotels, and light precision technology, including electronics, as well as hospital equipment and the promotion of technological research.

According to official figures, Panama, with 2.5 million inhabitants, has a 13.6 percent unemployment rate and about 50 percent of its population is living in poverty.

To facilitate and strengthen the movement of Asian businessmen to the area, Taiwan's Eva Air will begin flying the Taipei-Los Angeles-Panama route beginning on 13 December, Andres Liu noted.

As a strategy to facilitate the inflow of Taiwanese capital, the Perez Balladares government started to polish a law to protect foreign investments that will fight discrimination against companies and grant everyone the same guarantees that the locals enjoy.

This bill would allow foreign investors to export their goods, rights [derechos], foreign currency, dividends, and profits from their economic and commercial activities in Panama without subjecting them to any other requisite other than compliance with their tax obligations. [passage omitted]

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Bolivia

Official Election Results for La Paz, El Alto

PY0612211095 La Paz TVB Television Network in Spanish 1700 GMT 6 Dec 95

[FBIS Translated Excerpt] Now let us give you the results of the elections in the city of La Paz:

[Begin Gimena Guzman recording] After less than 48 hours, the Departmental Electoral Court has the official results of the 3 December elections ready. The final results pertain to the city of El Alto, the city of La Paz, and the 10 cantonments of Murillo.

Conscience of the Fatherland came in first in La Paz with 38.21 percent: four town councilmen; ADN-PDC [Nationalist Democratic Action-Christian Democratic Party] came in second with 20.29: two town councilmen; the Nationalist Revolutionary Movement came in third with 15.22 percent: two town councilmen; the MBL [Free Bolivia Movement] came in fourth with 8.33 percent: one town councilman; the MPP [Movement for the Hinterland] came in fifth with 6.13 percent: one town councilman; and the UCS [Solidarity Civic Union] came in sixth with 4.77 percent: one town councilman.

In the city of El Alto, Conscience of the Fatherland obtained the posts of six town councilmen with 49.26 percent, the MIR [Revolutionary Movement of the Left] obtained second place with two town councilmen and 21.16 percent of the vote, the UCS came in third with 10.71 percent and one town councilman, and the MNR came in fourth with 6.98 percent and one town councilman. [passage omitted]

Results of Municipal Elections Viewed

PY0612153395 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 6 Dec 95

[FBIS Translated Text] Let's begin with the topic of the elections, which is without a doubt the basis of yesterday's and today's conversations.

In the case of the elections, Erbol [Bolivian Radio Schools] reports that the political maneuvers will begin within the official and opposition parties after the surprising and unexpected results of the 3 December elections with an eye on the 1997 presidential elections, according to former Deputy Carlos Ber of the Movement of the Revolutionary Left.

He explained that the overall result demonstrates a notable weakening of the forces of the official sector and a relative strengthening of the opposition when he stated that under no circumstances can it be said that the image of a serious candidate for the national elections has emerged from these elections.

At this point we must note what has happened with Condepa [Conscience of the Fatherland]. It is an important factor and a better performance was expected from this party at the national level, which did not happen: The post of mayor of La Paz is slipping away from Monica Palenque and the small volume of votes in Oruro and other districts must also be taken into account.

Taking all of this into account after 3 December, both Condepa and the Nationalist Revolutionary Movement have become substantially weakened, but an alternative force has not emerged.

For the campesinos, the large fish eat the smaller fish in elections. Isn't that true, Rogelio Pelaez?

[Pelaez] Thank you. Good morning, listeners of "National Encounter."

The campesinos believe that elections are a fiesta for the rich but not for the poor. They came to this conclusion when the results of the 3 December elections were made known. The fiesta is for the big fish, because they can invest a lot of money, and the smaller parties cannot do this.

Andres Quino, a campesino leader, will confirm this fact.

[Begin Quino recording] In the first place, as the main campesino organization we want to clarify for the people that these elections have once again been financially managed by the large parties. We have also had the participation of small parties although there has not been total participation.

We have felt this. The big parties say that these municipal elections are a fiesta, that this is democracy, the recovery of democracy. But, for us campesinos, democracy is for the big ones, isn't this true? They have invested a lot of money and now [words indistinct] their results, but for the poor people, especially the campesinos, this is not true. [end recording]

[Pelaez] In other words, it is a matter of drawing a conclusion: For a few the elections are a great fiesta or a feast, but many do not participate in them and even less ever hear about them.

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Brazil

Reportage on Sivam Amazon Surveillance Project

Sarney: U.S. 'Interference' Possible

PY0612192395 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Dec 95 p A8

[Report by Cesar Felicio in Brasilia]

[FBIS Translated Text] Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa], the Brazilian Congress president, said on 1 December that the Brazilian Government needs to implement the Sivam [Amazon Region Surveillance System] project soon to defend Brazilian sovereignty. Sarney said: "If Brazil does not implement a surveillance system in the Amazon region, the Americans will."

Sarney added: "Brazil assumed international commitments to protect the Amazon area" which could serve as justification for foreign interference if these commitments are either not complied with or delayed. He said: "I believe there is no doubt about the need for a project like Sivam. I also believe that, within the framework of international relations, the implementation of an environmental monitoring system is even more important than one to control air traffic. A lack of Brazilian initiative would clear the way for the United States, which is already prepared to act."

Sarney noted, however: "The technical aspects of the project have been contaminated by the political complications that erupted in recent weeks." Sarney sidestepped a question on whether the Sivam project should be reformulated. He said: "That is a big question that President Fernando Henrique Cardoso alone can decide."

Sarney is urging the administration to take a position regarding remarks by U.S. Commerce Secretary Ron Brown, who last week suggested that the difficulties the Brazilian administration is encountering in Congress to get Sivam approved were provoked by actions of the French Thompson company, a competitor of the U.S. company Raytheon which was awarded the contract to implement the project by the Brazilian Government.

Sarney said: "That is out of keeping with the good relations that should exist between Brazil and the United States. We will express our surprise to Itamaraty, because those remarks affected the image of the Brazilian Congress."

Defense Council Issues Communique

PY0612210895 Sao Paulo AGENCIA ESTADO in Portuguese 1931 GMT 6 Dec 95

[FBIS Translated Text] Brasilia, 6 Dec (AE) — Here is the text of the note released by Planalto Palace at the end of the meeting of the National Defense Council:

"Note to the media:

"Convened by the president of the Republic, the National Defense Council gathered on the morning of 6 December 1995 to give an opinion on the Sipam/Sivam [Amazon Region Protection System/Amazon Region Surveillance System] project.

"The meeting was attended by its members, Vice President Marco Maciel; Senate President Jose Sarney; Justice Minister Nelson Jobim; Army Minister General Zenildo Lucena; Aeronautics Minister Lieutenant-Brigadier Lelio Lobo; Jose Serra, planning and budget minister; and the following invited members: Finance Minister Pedro Malan; Gustavo Krause, environment and legal Amazon region minister; General Benedito Leonel, Armed Forces chief of staff; and Civilian Household Minister Brigade General Alberto Cardoso. Ambassador Sebastiao do Rego Barros participated as acting foreign minister, and Squadron Admiral Waldermar Nicolau Canellas Junior represented the Navy minister. Strategic Affairs Secretary Ambassador Ronaldo Sardemberg also attended the meeting as executive secretary of the National Defense Council.

"After listening to the detailed briefing of the Aeronautics minister and a broad debate, the National Defense Council reasserted the importance and urgency for Brazil of the Sipam/Sivam project.

"The aeronautics minister refuted criticisms about the way the companies were selected, as well as the technical and financial aspects of the proposals that participated in the bid.

"Having heard the opinion of the National Defense Council, the president of the Republic decided to wait for the Senate to express its opinion before sending a message to it. The government will continue to give Congress all the information it needs on the subject."

Spokesman on Council Communique

PY0712024995 Sao Paulo AGENCIA ESTADO in Portuguese 2311 GMT 6 Dec 95

[Report by Isabel Braga]

[FBIS Translated Text] Brasilia, 6 Dec (AE) — Presidential spokesman Ambassador Sergio Amaral said that the National Defense Council meeting has served

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to confirm the government's support for the Amazon Region Surveillance System (Sivam). He added: "The meeting showed that no irregularities that would have justified reviewing the Sivam project have been identified, and this is why the government confirms its support for Sivam." According to Amaral, the government is waiting for the Senate to endorse the project.

Ambassador Amaral summoned the journalists of the Planalto Palace Press Committee for a meeting early tonight to discuss the communique that had been distributed after the Defense Council's four-hour meeting. "The communique has raised doubts, because it was indeed succinct," he acknowledged. He said that doubts raised during the Defense Council meeting have been clarified. "The communique distributed after the meeting was approved by all members of the Council," he added. Amaral reported that the Strategic Affairs Secretariat had drafted the final text of the communique that was distributed to the press.

Cabinet Reshuffle Said Possible

PY0712000495 Rio de Janeiro O GLOBO in Portuguese 3 Dec 95 p 2

[From the "Political Panorama" column by Tereza Cruvinel: "Direct Effect of the Crisis"]

[FBIS Translated Text] Although Planalto Palace has been denying the possibility of a cabinet reshuffle, there are clear signs that the government is planning to implement this reshuffle by February. The first such sign was given to the PPB [Brazilian Progressive Party], which despite having 90 deputies and supporting the government does not have any member in a first-echelon position. The initial conversations resulted in a list of seven names of PPB members whom, at the appropriate moment, President Fernando Henrique Cardoso will take into consideration. On the list are Deputies Delfim Netto, Vadao Gomes, and Hugo Biehl, who are being considered for the Agriculture Ministry; Francisco Dornelles is being considered for the Industry, Commerce, and Tourism Ministry; Jofram Frejat for the Health Ministry; Roberto Campos for the Science and Technology Ministry; and Senator Espiridiao Amin for the Transportation Ministry.

The extent of the reshuffle has not been explained to the PPB interlocutors, but it is evident that it would not be limited to opening a position to be occupied by a PPB member. Coincidentally, the ministries on the list are precisely those headed by officials who are frequently mentioned as candidates for replacement.

Consultations began after the Sivam [Amazon Region Surveillance System] crisis exploded, with the argument that President Cardoso will adopt measures to strengthen congressional support for his administration after the constitutional reforms currently under debate are voted on. The confusion in which the government has become involved has created distrust among the government allies. Not by chance have they been repeating, all week long, that an official with political sensitivity must be appointed to the Civilian Household. Everyone knows that ministries are like dominoes and that one ministry never falls alone. The way things are, however, the February reshuffle is still be very far away.

Even if there is no broad cabinet reshuffle, politicians believe a political coordinator will be finally appointed. Politicians have been preaching in the desert but echoes that are favorable to this appointment are being heard in the executive branch. In addition, politicians are convinced that President Fernando Henrique Cardoso is already tired of absorbing all the effects of national crises.

Scientists To Seek Participation

PY0712003495 Rio de Janeiro O GLOBO in Portuguese 3 Dec 95 p 4

[Article by Daniel Hessel Teich]

[FBIS Translated Text] Sao Paulo — The Brazilian Society for Scientific Development (SBPC) will send a document to President Fernando Henrique Cardoso requesting that Brazilian scientists participate in the Sivam [Amazon Region Surveillance System] project, which, according to the original program, will be entirely developed by the U.S. firm Raytheon at a cost of $1.4 billion. A group of researchers, headed by Physics Professors Luis Pinguelli Rosa (Rio de Janeiro Federal University) [UFRJ], Rogerio de Cerqueira Leite (Campinas University), and Luiz Carlos Moura Miranda of the National Institute of Space Research (INPE) argue that the country has enough technology to execute a large portion of the project and that, even in the areas where Brazil has not mastered adequate technology, Brazilian scientists should participate with the U.S. company in the implementation of the project, be it in the form of a partnership regime or a technological cooperation regime.

It has been more than proven that projects ordered abroad in the form of a package deal do not work out. We have had the example of nuclear plants that have been purchased through the Brazil-Germany nuclear accord. Foreigners come to Brazil and sell their equipment without knowing about the country's peculiarities or about those who will operate the system, Pinguelli Rosa said. He is a member of the UFRJ Board for Coordination of Engineering Postgraduate Programs.

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In the SBPC biweekly bulletin, which was issued last week, SBPC President Sergio Ferreira demanded that the government adopt vigorous measures to clarify "the incredible list of doubts, suspicions, and uncertainties involving the Sivam project." Ferreira also asked the government to consider the "serious warning" made by Brazilian scientists. They said that the Brazilian research centers have sufficient technology to participate in the project and reduce its cost.

INPE's Luiz Carlos Miranda believes that in the medium term, and once funds and financing for the national scientific and technical areas are adjusted, the country will be capable of implementing its own Sivam. According to Miranda, there are many examples — such as oil prospecting in ocean depths and the fuel alcohol program — indicating that once Brazilian technological capacity is allied to government investments, a great deal can be achieved.

Government Sets Deadline

PY0712003695 Rio de Janeiro O GLOBO in Portuguese 5 Dec 95 p 3

[Article by Denise Rothenburg and Cristiane Jungblut with cooperation of Monica Gugliano]

[FBIS Translated Text] Brasilia — On 4 December, the government began an operation to end, within 15 days at the most, the controversy at Congress about the Amazon Region Surveillance System (Sivam). After talks with the main Brazilian Democratic Movement Party [PMDB] leaders, who met even with Aeronautics Minister Lelio Lobo, the government succeeded in convincing the PMDB to rethink its initial demand for a Congressional Investigating Committee [CPI] to look into Sivam and to cancel the contract signed with the U.S. company Raytheon. Deputy Michel Temer is the PMDB leader at the Chamber of Deputies. Last week he called for the cancellation of the contract, but on 4 December he changed his mind and supported the idea of reviewing certain clauses of the contract.

If it is impossible to revoke the contract, the government should, at least, clarify its clauses a little more. Most difficulties result from the idea that the country can obtain the same technology at a lower price. The government must explain that a little better, Temer said.

This week, the government will show it is in a hurry. Government leader at the Senate, Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo], will receive a study on Sivam on 5 December, from Senator Jose Roberto Arruda (Brazilian Social Democracy Party-Federal District), the party's deputy leader. While Senator Gilberto Miranda (PMDB-AM) [PMDB-Amazonas] criticizes the way the project was negotiated, Arruda will try to defend it in his report, as he has already told some senators confidentially. Two more documents that have reached Senator Alvares' hands — one from the Aeronautics Ministry and the other from the Strategic Affairs Secretariat — will also be used as ammunition against Miranda's report. This material will be handed to the super committee's rapporteur, Ramez Tebet (PMDB-MT) [PMDB-Mato Grosso], so that he can draft a final report refuting Miranda's. Alvares believes the issue will die out in a few more days:

Alvares said: It is evident there are very few arguments to this discussion. I believe the work of the super committee will soon end. I don't want to guess the future but Ramez Tebet is speeding up the process and we will be able to end the controversy very soon.

The government arguments are divided into three parts: the Justice Ministry is investigating the phone tapping case; Planalto Palace is investigating the influence peddling charges; and the National Defense Council will report on 6 December its position regarding the technical aspects of the Sivam project. Thus, the investigations underway at Congress will soon end. Government orders are that the issue should be forgotten, even Miranda's report.

Fully supported by Tebet, Alvares said if there is still evidence against Gilberto Miranda, Congress — and not the super committee — should analyze the facts.

Tebet said: I see no reason to suspend bank secrecy on Miranda's accounts or to summon him for questioning. He is a member of the committee and can testify whenever we ask him to.

Senator Antonio Carlos Magalhaes (PFL-BA) [PFL-Bahia], the super committee president, believes it is indispensable to summon Miranda. The PMDB, however, opposes the idea. Nevertheless, congressmen agree about the National Defense Council.

Tebet said — and Senator Magalhaes agreed — that if the Council decides the contract has been invalidated, our work is finished. President Cardoso may defend the contracts, but the Senate has the last word on this issue.

Special Congress Session Set For 16 Dec-14 Feb

PY0612212095 Sao Paulo AGENCIA ESTADO in Portuguese 1809 GMT 5 Dec 95

[FBIS Translated Text] Brasilia, 5 Dec (AE) — Deputy Inocencio Oliveira (Pernambuco), leader of the Liberal Front Party [PFL] bloc in the Chamber of Deputies, has announced that a special session of Congress will convene from 16 December to 14 February.

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Deputy Oliveira said that during these two months, lawmakers will vote on bills such as the one changing income tax rules, the 1996 federal budget, the Fiscal Stabilization Fund [FEF] bill, and possibly constitutional amendments such as the social security reforms. There will be an unofficial recess for the year-end holidays between 22 December and 8 January.

Angola Mission Expenses Still Unpaid

PY0712000395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Dec 95 Section 1 p 10

[Article by Rui Nogueira]

[FBIS Translated Text] The Brazilian peace-keeping mission sent to Angola at the request of the United Nations has produced several debts in our country. The Army owes 52 million reals [R] to its suppliers, and the United Nations owes money to the Army, because it has not yet paid a single cent to Brazil.

The Treasury authorized the military to spend R121 million in equipment, transportation, and logistical support material for the 1,100 soldiers who are in Angola. The Army bought what it needed, but the Treasury did not release the entire allocation.

Most creditors are Sao Paulo and Rio de Janeiro textile companies. The Capricornio, Santo Amaro, and Sao Paulo Alpargatas wool industries provided towels and sheets worth more than R20 million. The Army also owes approximately R6.5 million to Hering and Diana Paolucci.

The Army is encountering problems in paying the Christmas bonus to its personnel, while payments to its suppliers are 65 days behind schedule. Some enterprises placed their representatives at the door of the QG (General Headquarters) in Brasilia to pressure the Army Ministry to ask the Treasury for its funds.

Led by the Capricornio wool industry, certain enterprises considered the possibility of taking collective action before the courts through Abit (Brazilian Textile Industry Association).

They gave up their plan upon learning that with the legal dispute, they could be eliminated from the tender that was started last week for provision of more material, for next year's troop contingent that will replace the soldiers who are now in Angola. The 1996 budget provides for expenses worth R55 million for those missions.

Ccomsex [Army Social Communication Center] has confirmed to FOLHA that the Army owes a R52 million debt, adding that he hopes the Treasury will release R62 million "within the next few days." "Since the merchandise has already been delivered and the bills have already been received, there is no possibility to evade payment to suppliers. It is only a matter of time," Ccomsex reported.

While the Treasury does not resolve the cash problem, the QG which is located at the western end of Brasilia's Monumental Axis — daily receives the constraining visit of textile industry representatives, who urge payment of the debt.

At the eastern end of the Monumental Axis, at the esplanade of the ministries, the EMFA (Armed Forces Staff) — which coordinates the peace missions involving Brazilian troops — and Itamaraty hope that the United Nations will start paying the Brazilian Government for the expenses incurred in conjunction with the work in Angola.

The Brazilians, plus observers and troops from 33 other countries, were asked to go to Angola — a former Portuguese colony in which there has been civil war for the past 20 years — to guarantee compliance with the terms of the Lusaka Agreement.

The agreement imposed a truce between the MPLA (Popular Movment for the Liberation of Angola), which has been in power since the country's independence in 1975, and UNITA (National Union for the Total Independence of Angola), which is an opposition guerrilla group. The creation of a coalition government is expected.

In the midst of financial difficulties, and with debts worth approximately $3.5 billion, the United Nations has not even paid Brazil for the salaries being paid to the troops. Under the international agreement, each soldier collects $980 per month, which is deposited in Brazil, plus $1 per day paid in cash in Angola. Soldiers are now eating the rations that were taken from Brazil.

The United Nations has not decided on the contracts to compensate for the deterioration of the Armed Forces equipment used in the operation. Old contracts, which were signed five years ago and which provide for annual compensation payments equivalent to 20 percent of the equipment's value, were suspended until a new formula is designed.

Ministry Issues Document on Public Services

PY0612165595 Sao Paulo AGENCIA ESTADO in Portuguese 1725 GMT 28 Nov 95

[FBIS Translated Text] Sao Paulo, 28 Nov (AE) — Herewith, the text of the preamble and the bill described in Communications Ministry Document No. 3.

His Excellency the President:

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The approval of Law No. 8987 on 13 February 1995, dealing with the regime of concessions and authorizations for rendering public services, as stated in Article 175 of the Constitution, provide the initial framework for a new important stage for the development of our country.

2. [no number 1 as received] There was a remarkable and pressing need for the government to reformulate concepts applying to the rendering of public services in general. The idea was that the rendering of public services should be centralized in the state or in a state organization.

3. Law No. 8987/95, which is usually referred to as the Law of Concessions, allowed organizations — which are not necessarily run by the state but which are totally privately owned and even with foreign capital participation — to meet the requirements of public interest. This did not mean the state lost its responsibility to render public services.

4. Over the past few years, the activities to meet the general and essential needs of the community, or to meet the needs of its members — which are considered public services by virtue of the Constitution or specific laws — became increasingly similar to this type of economic activities. Proof of this is the fact that the article dealing with the rendering of public services, Article 175 of the Constitution, is located among those in Title 7 — The Financial and Economic Order, Chapter 1, the General Principles of Economic Activities. It should be noted that private ownership and a free market are among the basic principles of the economic order. Based on those principles, it can be said that the rendering of public services — with a few exceptions considered specific state functions — currently reflects an economic exploitation activity that the state undertakes either directly or through third parties, with remuneration, under its control.

5. Thus, considering the stage that was reached, it was necessary to transfer the rendering of public services to the private sector. Consequently, it was necessary to adopt a strict, clear discipline, not just for the relationship between the Granting Power and the licensee, but also for the relationship between the licensee and the consumer. This is why Law No. 8987/95 gives more clarity and fairness to the process of selection of those who will render services on behalf of the government.

6. The undeniable and inevitable development of the telecommunication sector, which for some time now has demanded the restructuring and modernization of the model adopted for the rendering of its services, calls for immediate enforcement of the terms of the law of Concessions.

7. In light of the above, the Communications Ministry decided to draw up regulations within the terms of the above law, with the main objective of establishing criteria to grant concessions and licenses for rendering telecommunication services in a fair, egalitarian manner, giving the same opportunities to everyone through a tender.

8. The importance of these regulations are emphasized by the great interest of the public sector in telecommunication services, prompted especially by the growing demand for new services, following the modernization and restructuring of the productive sector. This situation placed telecommunications in a stage that is very important for the sustained economic development of our country.

9. Within this context, the Communications Ministry considered it both necessary and opportune to adopt an instrument to enforce Law No. 8987/95 in the telecommunication sector. To this end, a proposal has been drawn up, under the title of Regulations for Granting Permits or Authorizations for the Exploitation of Commercial Telecommunication Services, incorporating the spirit of the above law, along with the necessary adjustments stemming from its own features.

10. With a view toward properly serving public interests, it was considered necessary — for the purpose of implementing a tender — to divide the telecommunication services in three main groups.

11. One group includes services with technologically advanced systems, which will be exploited in densely populated areas or in areas calling for significant infrastructural resources and technical managerial organization. In the tender for selecting the party that will render a service within this group, the criteria will be that of the highest payment offer for the license by a participant who is qualified to render the service, through a strict, impartial qualification process.

12. Another group will include the services whose systems have few technological requirements, which will be exploited in areas of low population density or in areas calling for little infrastructure or technical-managerial support. Considering the features of this group, it can be concluded that it will include the majority of telecommunication services. For this reason, it was considered inappropriate to adopt the highest payment offer for the license as the criterion for the respective tenders.

13. The appropriate criteria will be the lowest rate for the service to be rendered. However, considering most telecommunication services will be of a commercial nature, developed under free market conditions, the

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service rate will be considered as the price under which the respective tender will be judged.

14. However, considering the price of services of this nature cannot be subject to the rules applying to the rates, and that prices can be adjusted to account for normal market fluctuations, the Regulation Proposal considers that the price is a criteria — though not the only one — for the tender. Therefore, the criteria for tenders will be the best qualification attained by a participant, which will be verified through a process of evaluation of prices to be charged for the service, combined with other important factors that also consider public interest, like the earliest deadline for starting the commercial operation of the service and the technical features of the telecommunication systems that will be used.

15. The last group will include services with intermediate features with respect to the two other groups, for which the following criteria will be adopted: the combination of the payment for the license and the qualification as a result of the evaluation of each factor — among them the price for the service.

16. Another very important point has to do with the fact that the instrument we intend to adopt will not sponsor the creation of a new telecommunication service. It will not incorporate any change in the way in which the services are currently being rendered, and it will follow the managerial/operational procedures developed by the Communications Ministry.

17. It should be noted that the proposed regulations are consistent, pertinent, and compatible with the terms of Law No. 8987/95, despite certain conditions included in certain topics because of specific features.

18. These are, Mr. President, the considerations that this ministry makes with respect to the regulation proposal being submitted to Your Excellency, along with the text of the decree.

Sao Paulo, 28 Nov (AE) — Text of decree of Document No. 3

DECREE No. ..., OF 1995

To approve the regulation of the granting of concessions or licenses for the commercial operation of telecommunications services.

THE PRESIDENT OF THE REPUBLIC, in the exercise of the powers vested in him pursuant to Article 84, Paragraph IV, of the Constitution, hereby DECREES:

Article 1. The Regulation of the Granting of Concessions or Licenses for the Commercial Operation of Telecommunications Services herein attached is hereby approved.

Article 2. The present Decree shall come into force on the date of its publication. Brasilia, ... 1995; 174th year of the Independence and 107th year of the Republic.

REGULATION

GRANTING OF CONCESSIONS OR LICENSES FOR THE COMMERCIAL OPERATION OF TELECOMMUNICATIONS SERVICES

Chapter 1

PRELIMINARY PROVISIONS

Section I — About Principles

Article 1. This regulation controls the granting of concessions or licenses for the commercial operation of telecommunications services, with the exception of broadcasting services.

Single paragraph: A telecommunications service is operated on a commercial basis when the provision of said service is remunerated through prices or rates paid by users or through any other form of compensatory benefits, whether directly or indirectly linked to the exploitation or use of said service by another person.

Article 2. The granting process herein described shall consider that telecommunications services pursue the following objectives:

I. Contribute to the country's economic and social development;

II. Facilitate the dissemination of culture, information, and knowledge;

III. Contribute to the strengthening of democracy and integration of Brazilian society;

IV. Foster and encourage the establishment of the necessary conditions for the exercise of citizens' rights and duties;

V. Promote greater productivity in the various sectors of socio-economic activities; and

VI. Contribute to greater competitiveness in economic activities.

Article 3. The granting of concessions or licenses for the commercial operation of telecommunications services shall be preceded by a public bid and shall comply with, if appropriate, with provisions of the bid specifications.

Article 4. Said public bid shall be called to guarantee equitable treatment of all bidders and shall observe legal

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and moral principles as well as those of impersonality and publicity.

Article 5. The Communications Ministry shall include in the bid specifications — if applicable to the service in question — or provisions that encourage:

I. Diversity of control of companies that will commercially operate telecommunications services;

II. Greater competitiveness in the commercial operation of services;

III. Maximization of the use of the radio frequencies spectrum;

IV. Diversification of sources of information and opinion;

V. Local and regional programs and information;

VI. Technological modernization;

VII. Economy of scale.

Section II — About Services

Article 6. To safeguard public interests, the Communications Ministry is empowered to establish conditions limiting the number of concessions or licenses granted to a given company and its subsidiaries for the commercial operation of a telecommunications service. Such conditions shall be imposed along the following lines:

I. To promote greater competition;

II. To diversify sources of information and opinion; and

III. To enhance the economic potential of the market to be targeted.

Article 7. Every concessionaire or licensee shall encourage conditions for the necessary interconnection of networks of different services pursuant to pertinent regulations.

Article 8. The guarantee shall meet the conditions and deadlines established for the effective initiation of the commercial operation of services and the use of means of communications that have been awarded to it, under pain of cancellation of those not used.

Section III — About the Classification of Services

Article 9. Telecommunications services shall be classified, for their commercial operation, into different groups so as to enable the application of judgement criteria that best meet the interests of the public.

Article 10. The classification of telecommunications services shall be made on the basis of one of the following variables:

I. The technological complexity of systems used;

II. The population of the area where services shall be provided; or

III. The infrastructure and technical and administrative support resources pertaining to the commercial operation of the services.

Article 11. On the basis of the variables established in Article 10 hereof, the following groups are hereby established to classify telecommunications services:

I. Group "A" Comprises services, the provision and commercial operation of which must entail the use of systems having little technological complexity or of limited infrastructure and technical- administrative resources. It foresees services to areas of sparse population density.

II. Group "B" Comprises services, the provision and commercial operation of which shall entail the use of systems having a medium degree of technological complexity or an average level of infrastructure and technical-administrative resources. It foresees services to areas of medium population density.

III. Group "C" Comprises services, the provision and commercial operation of which entail the use of high-technology systems and of important infrastructure and technical-administrative resources. It foresees services to densely populated areas.

Article 12. Services currently regulated are hereby divided into the following basic classification, which the Communications Ministry shall be empowered to amend:

a) Cellular telephony — Group C

b) Aeronautical radio communications — Group C

c) Specialized services

1) For the provision of services to areas having a population equal to or over 500,000 (five hundred thousand) — Group A

2) For the provision of services to areas having a population equal to or over 500,000 (five hundred thousand) but under 1 million — Group B

3) For the provision of services to areas having a population equal to or over 1 million (a million) — Group C

d) Beeper system for paging people

1) For the provision of services to areas having a population under 300,000 (three hundred thousand) — Group A

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2) For the provision of services to areas having a population above 300,000 (three hundred thousand) but under 600,000 (six hundred thousand) — Group B

3) For the provision of services to areas having a population above 600,000 (six hundred thousand) — Group C

e) Radio access

1) For the provision of services to areas having a population of equal to or less than 300,000 (three hundred thousand) — Group A

2) For the provision of services to areas having a population equal to or above 300,000 (three hundred thousand) but under 600,000 (six hundred thousand) — Group B

3) For the provision of services to areas having a population equal to or larger than 600,000 (six hundred thousand) — Group C

f) Distribution of multipoint, multichannel signals - MMDS

1) For the provision of service to areas having a population equal to or less than 300,000 (three hundred thousand) — Group A

2) For the provision of service to areas with a population equal to or larger than 300,000 (three hundred thousand) and less than 700,000 (seven hundred thousand) — Group B

3) For the provision of service to areas with a population equal to or larger than 700,000 (seven hundred thousand) — Group C

g) Cable television service

1) For the provision of services to areas with a population of equal to or less than 300,000 (three hundred thousand) — Group A

2) For the provision of services to areas with a population equal to or larger than 300,000 (three hundred thousand) and less than 700,000 (seven hundred thousand) — Group B

3) For the provision of services to areas with a population equal to or larger than 700,000 (seven hundred thousand) — Group C

Article 13. New services or services not included in Article 12 of these regulations will be placed in their respective groups through the corresponding rules, in line with Article 10.

Article 14. The features of the service for which authorization was granted may not be changed if such changes modify its classification, except when the modification aims exclusively at improving the services for the community in which the service is rendered.

CHAPTER II

PREVIOUS PUBLIC CONSULTATION

Article 15. If deemed appropriate, the Communications Ministry either directly or after receiving a request and before starting the licensing process, will announce in the official gazette a previous public consultation about the service.

Single Paragraph: This consultation aims at eliciting expressions within society, for the purpose of adjusting the technical conditions of the service in the interest of the public, and of detecting the number of enterprises who want to exploit it, establishing the number of concessions or licenses to be granted, and estimating the value, or the minimum value of the license, for the applications provided for in Article 34.

Article 16. The consultation will provide information on the general and specific features of the respective service, along with references to the respective regulations and to others deemed appropriate by the Communications Ministry. The consultation will summon interested parties to express their interest in exploiting the respective service, and to describe the existing or possible competition conditions that they identified.

Article 17. After confirming the interest of the public, and after finding out the way to meet public demands, the Communications Ministry will establish the number of concessions or licenses to be granted, with the minimum value of the license, along with the conditions in which the service must be rendered.

1. The number of concessions or licenses to be granted will be established in keeping with the following factors, among others, and whenever applicable:

I. The technical possibilities;

II. The number of organizations interested in exploiting the service;

III. The economic potential of the market that will be served;

IV. Diversification of control over the enterprises that exploit the service;

V. The encouragement of competition;

VI. The diversification of sources of information.

2. Among other factors, and as far as it corresponds, the minimum value of the permit will be evaluated on the following:

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I. The availability of frequency bands;

II. The scope [ambito] of the exploitation;

III. The area in where the service will be rendered;

IV. The population of the area where the service will be rendered;

V. The competition conditions; and

VI. The technical conditions and characteristics.

Article 18. Once the previous consultation procedure is finished, and the public interest and the best manner by which to serve it are verified, the Communications Ministry will begin the tender process.

Article 19. If the Communications Ministry decides to grant more than one concession or permit for rendering the same service in the same area, it will establish a single tender to select the companies or an amount of bids equivalent to the same amount of concessions or permits it intends to grant.

CHAPTER III

ON THE CONDITIONS TO PARTICIPATE IN TENDERS

Article 20. Brazilian companies that meet the requisites and conditions established in the corresponding regulation are entitled to participate in bids to exploit telecommunications services.

Article 21. The companies that fail in any of the conditions described hereafter will not be allowed to participate in bids, except for cable television service whose conditions are established by Law 8977/95:

I. A company that is part of more than one consortium all of which participate in the same bid;

II. A company that is member of a consortium that also participates in the same bid;

III. A company that is a subsidiary of another that is also participating in the bid, except in cases where the service involves multiple applications;

IV. A company already holding a permit or concession for the same service that is object of the bid, in the same area where it renders services, except in cases where the service involves multiple applications;

V. A company that is a subsidiary of another that already has a permit or concession for the service that is object of the bid in the same area of action, except in cases where the service involves multiple applications.

1. For the purpose of this article, a company will be considered a subsidiary of another if:

a) One of them either directly or indirectly holds at least 20 percent of the voting stock of the other, or if at least 20 percent of the voting stock of both companies is directly or indirectly held by a same individual or company. In case of participation in successive sequence of several companies, the final control portion value must be considered in accordance with the multiplication of the control percentage fractions of each company of the sequence.

b) If they have a same director or boss; or

c) If there is financial dependency by one company on the other.

2. The Communications Ministry may establish specific conditions in keeping with current laws prohibiting the participation of companies in bids, based on the composition of their capital and of the characteristic of exploitation of the service.

Section I — About Preparing the Call for Offers

Article 22. The call for offers will be drawn up by the Communications Ministry, which will take into account — whenever applicable, and among others — the following topics and requirements for the proposals for exploitation of services:

I. The proposed service;

II. The number of concessions or authorizations to be granted;

III. The value or minimum value of the concession or authorization;

IV. The minimum requirements for payment for the license;

V. The attractiveness rate [taxa de atratividade] for calculating the Current Value;

VI. The technical features of the service;

VII. The area where the service will be rendered;

VIII. The conditions for exploitation of the service;

IX. The time period for the concession or authorization;

X. The references to existing regulations;

XI. The deadlines for reception of the offers, for evaluation, and for signing the contract;

XII. The list of requested documents for evaluating technical qualifications, financial-economic qualifications, legal authorization, and compliance with taxation regulations;

XIII. The terms and conditions for appealing a decision;

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XIV. The rights and obligations of the Granting Power and of the licensee to implement modifications and expansions in the future, whenever necessary, to guarantee the continuity of the service;

XV. The criteria, indicators, formulas and queries to be used for evaluation of the proposals;

XVI. The conditions of leadership of the responsible enterprise, in case consortia are permitted;

XVII. In the case of concessions, the draft of the respective contract with the essential clauses, in line with this regulation and whenever applicable; and

XVIII. In cases of authorizations, the terms of the contract to be signed.

Section II — About Advertising

Article 23. The call for bids will be made public via an advertisement in the Official Gazette.

1. The advertisement will announce the place and conditions under which interested parties may obtain the full text of the call for offers, along with the date and time for presentation of the proposal, the authorization documents, and all information on the tender.

2. The period between the date of publication of the call for offers, and the date on which offers are received may be shorter than 30 (thirty) days.

3. Any modification in the call for offers will be publicized through the same system of advertisement of the original text, reopening the deadline that was initially established, except when the modification does not change the formulation of the offers.

Section III — on Legal Authorization

Article 24. To qualify, interested parties must submit documents referring to:

I. Legal authorization;

II. Technical qualification;

III. Economic-financial qualification;

IV. Compliance with tax regulations.

Article 25. The documents needed to obtain legal authorization are:

a) Commercial registration, in case of individual enterprises; and

b) Company bylaws and amendments, properly registered or archived, listing the rendering of telecommunication services among its objectives — or as its main objective. In the case of corporations, a copy of the document of the General Assembly must be supplied, showing the elected board of directors and the list of shareholders describing the quantity, value, and the type of shares owned by each partner.

Article 26. Documents related to technical qualification will be as follows:

a) The registration or enrollment of the individual technically responsible for the entity. This individual must be a skilled professional and comply with the requirements of each type of work;

b) The appointment of a technical team who will be available for planning and implementing the work;

c) The specification of equipment and materials required for the implementation of the work; and

d) The certification, whenever needed, that requirements contemplated in a special law have been complied with.

Article 27. Documents related to economic-financial qualification will be as follows:

a) The balance of assets and accounts for the last fiscal year, which will be requested and submitted in accordance with the law. These will prove the enterprise is in a sound financial situation. These documents cannot be replaced by balance sheets or provisional balance sheets. They may be updated through official indexes if they have been closed more than 3 (three) months before the proposal is presented;

b) The documents certifying that the enterprise is economically and financially qualified to implement the work, be it with its own resources or with resources resulting from actions to ensure the required financing. To this extent, enterprises that belong — directly or indirectly — to groups that comprise the bidding corporation or consortium must report their net assets;

c) A non-bankruptcy certificate or document certifying that the corporation has never called for a composition of creditors. These documents must be issued in the city where the enterprise is based or where the corporations's owner lives; and

d) A guarantee.

Single paragraph: The guarantee mentioned on item "d" of this article will not surpass 1 percent (one percent) of the value, or minimum value established for the concession or permission. The bidder can choose one of the following types of guarantees:

I. A deposit in escrow in cash or public debt certificates;

II. An insurance-guarantee; or

III. A bank guarantee.

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Article 28. Documents related to compliance with fiscal requirements will be as follows:

a) A document certifying registration at the General Taxpayers Register, CGC;

b) A document proving, if needed, that the bidder is registered at the state or municipal taxpayers register in accordance with the address of the entity's headquarters;

c) A document certifying that the bidder has paid contributions to the National Social Security Institute and to the Severance Pay Fund (FGTS); and

d) A document certifying that the bidder has paid taxes and has no debts with the federal, state, and municipal administrations, or similar, in accordance to what is established by law.

Article 29. When consortiums are allowed to participate in tenders, the enterprises that comprise the consortium are obliged:

I. To present a public or private document signed by enterprises comprising the consortium, proving the consortium has been created;

II. To appoint the enterprise responsible for the consortium. This will not withdraw the responsibility from other enterprises that comprise the consortium;

III. To present a commitment document establishing that the consortium will maintain its original configuration and maintain the original enterprises. If the consortium wins the tender, each enterprise will continue to have the same percentage of shares and voting stock within the consortium;

IV. To present a commitment document establishing that the consortium that wins the tender will be established as an enterprise before the bidding contract is signed; and

V. To present, individually, the documents demanded in Art. 25 through 28 of this Regulation. For technical evaluation, each enterprise's qualifications will be added up, while for economic- financial evaluation, the overall sum of each enterprise's assets will be considered in proportion to the enterprises' participation in the consortium.

Article 30. Bidders who fail to present any documents indicated in Articles 25 through 29, including the terms of item V of Art. 29, will be deemed disqualified. Bidders who, despite having presented said documents, do not comply with the demands of the tender announcement or who present incomplete documents or documents with mistakes will also be disqualified.

Article 31. Once the stage for qualification of the bidders is over and the bids are open, bidders cannot be disqualified unless factors appear after the selection date or become known only after the qualification stage is over.

Section IV — About Evaluation

Article 32. The qualification stage consists of analyzing the proposals in accordance with the criteria of accumulating points, as previously established in the tender announcement. These criteria are based on the Telecommunications Law, on the Telecommunications Law complementary rules and norms, on the law that establishes the concession and permission regime to be used in rendering public services, and on the tender biddings law.

Single Paragraph: To comply with the objectives of this article, the following requirements, among many others, will be taken into consideration whenever appropriate:

I. Cellular Mobile Service, Special Mobile Service, Beeper Service, and Messages Service:

a) The area for rendering the services;

b) The number of municipalities served per state;

c) The number of states served;

d) The schedule for implementation of the base station;

e) The deadline for starting the commercial exploitation of the service; and

f) The tariff or maximum price charged to users of the service.

II. Services of Multipoint, Multichannel Distribution Signals — MMDS, and Cable TV:

a) The participation of people or groups of people — who reside within the area where the services viewed in the tender announcement will be rendered — in the partnership, be it through shares or voting stock;

b) The time slated for local programs;

c) The programs of an educational and cultural character;

d) The schedule for implementation of the programs;

e) The schedule for implementation of the system; and

f) The price charged for the subscription.

Article 33. Evaluation will be based on the amount of points the bidder has obtained for complying with the requirements established in the tender announcement and consider the services contemplated in the groups mentioned in Article 11. Enterprises will qualify if they obtain, at least:

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I. 50 percent of the maximum number of points for services contemplated in Group A;

II. 60 percent of the maximum number of points for services contemplated in Group B; and

III. 70 percent of the maximum number of points for services contemplated in Group C.

Single paragraph: Through the issuance of complementary rules for services, the Communications Ministry will establish the number of points to be attributed to the requirements mentioned in Article 32.

Article 34. Qualified bidders will then be screened through the following evaluation criteria:

I. The largest number of points obtained in the qualification of services stage contemplated in Group A, the concession- or permission-granting price established in the tender announcement;

II. The largest total resulting from multiplying the number of points obtained in the evaluation stage by the number of points obtained for the sum the bidder proposes to pay for concession or permission to perform services contemplated in Group B, as established in item 1 of this article; or

III. The highest price to be paid for concession or permission granted to perform services contemplated in Group C.

First — Regarding the situation foreseen in Item II, the largest and smallest number of points obtained by qualified enterprises will be attributed to the highest and lowest prices offered for payment of the concession or permission granting; points will be proportionally attributed to the other proposals in compliance with what is established in the tender announcement.

Second — Regarding services contemplated in Items II and III, bidders that offers less than that established as the minimum price for the permission in the tender announcement will be disqualified.

Article 35. If two or more bids obtain the same total of points, the winner will be chosen by drawing in a public act. All bidders will be summoned to attend this public act.

Article 36. To compare the offers for payment of the concession or permission granting, the Current Value [Valor Presente] will be considered when payments are to be made in installments. This value will be based on the activity rate [taxa de atividade] established in the tender announcement.

CHAPTER V

THE CONTRACTS

Section 1 — About Preliminary Provisions

Article 37. The following are essential clauses in the permission or concession granting contracts:

I. Purpose, area, and duration of the concession or permission;

II. Conditions for payment of the concession or permission granting;

III. Conditions for exploitation of the service;

IV. Technical characteristics of the stations;

V. Telecommunications means to be employed;

VI. Criteria, indexes, formulae, and variables that define the quality of the service;

VII. Requirements that determine the enterprise's qualification;

VIII. Price of the service, criteria, and procedures for readjustment and revision of utility rates;

IX. Rights, guarantees, and obligations of the entity granting the concession, as well as of the concessionaire;

X. Rights and duties of users who want to obtain and use the service;

XI. Conditions for extension of the contract;

XII. Contractual and administrative penalties to which the enterprise that won the bidding is subjected and the way these penalties will be applied;

XIII. Cases in which the concession or permission is suppressed; and

XIV. Forum and friendly way in which contractual differences can be resolved.

Article 38. The appropriate general rules contemplated in Laws 8987/95 and 8666/93 are applied to contracts resulting from the concession or permission granting process dealt with in this regulation, particularly with regard to formulation, modification, execution, and abrogation of said contracts.

Section II — About Payments for Concession or Permission Granting

Article 39. Payment will be required for concession or permission to exploit the services viewed in this Regulation. This payment will be deposited in the Telecommunications Inspection Fund — Fistel.

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Article 40. The price of the concession or permission granting for exploitation of services contemplated in Group A will be established by the Communications Ministry and must be paid for in accordance with the conditions foreseen in the tender announcement.

Article 41. The price of concession or permission granting for exploitation of services contemplated in Groups B and C will be proposed by the entity that wins the tender. That entity will have to observe the minimum conditions contemplated in the tender announcement, with regard to the period of grace, payment terms, criteria for financial updating, fees, and cost of fee to be charged for delay in payments, among others.

CHAPTER VI

THE ADEQUACY OF SERVICES

Article 42. The granting of every license or concession for the commercial operation of telecommunications services presupposes the provision of services that fully meet users' needs, pursuant to what is established in the present regulation, in the appropriate regulations, and in the licensing or concession contract.

Article 43. An adequate service is that which meets certain requirements as far as coverage or scope is concerned, as well as the level of supply of services, regularity, continuity, efficiency, modernity, generality, and moderateness of tariffs and rates.

First — Modernity means the use of updated techniques, equipment, systems, facilities, and maintenance, as well as any upgrade or expansion of the service.

Second — Services will not be considered discontinued or interrupted in cases of emergency or following prior notification when:

I. It is due to technical reasons or related to the security of the facilities; or

II. The discontinuation of the service occurs to protect the interest of the public following noncompliance with the terms of the contract on the part of the user.

CHAPTER VII

THE TRANSFER OF THE CONCESSION OR LICENSE

Article 44. The transfer of the concession or license to other entities, along with the transfer of ownership of shares or the representation proportion of capital stock ownership of the licensee or concessionaire company which entails a change in the ownership of said company shall not take place without prior authorization of the granting authority.

1. Any modification to the ownership of the company stemming from an increase in its capital stock shall also be considered a transfer of concession or license.

2. To obtain the authorization herein specified, the candidate must:

I. Meet the requirements for eligibility from a technical, economic, and financial standpoint as well as those referring to full legal standing and strict compliance with tax obligations; or

II. Pledge to observe all current clauses of the contract.

Article 45. It shall only be possible to request a transfer of the concession or license after the initiation of the commercial operation of the telecommunications service and in due compliance with the terms established in the regulations pertaining to each modality.

Article 46. The Communications Ministry shall be notified of any transfer of ownership of shares, as well as any increase in the capital stock that entails a change in the representation proportion of capital stock ownership, but not a transfer of ownership.

CHAPTER VIII

GENERAL PROVISIONS

Article 47. Public bids for the granting of licenses or concessions for the commercial operation of telecommunications services shall abide, whenever possible, by the general provisions of Laws 8666/93, 8987/95, and 9074/95, and by specific provisions hereof.

Article 48. Duties provided for under the terms of Law 8987/95 shall apply to the granting authority as well as licensees and concessionaires. Rights and obligations provided for in the aforementioned law shall apply to users.

Article 49. The Communications Ministry shall issue complementary regulations providing for specific complementary instructions and procedures for enforcing the provisions hereof.

Chile

Foreign Minister: No 'Urgency' on Agreement With EU

PY0612164295 Madrid EFE in Spanish 2209 GMT 4 Dec 95

[FBIS Translated Text] Santiago, 4 Dec (EFE) — Chilean Foreign Minister Jose Miguel Insulza today said that Chile has no "extreme urgency" in reaching an agreement with the EU.

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The Chilean foreign minister made these statements during the opening of the First Euro-American Meetings for Development, organized by the Complutense University of Madrid and the University of Chile.

Insulza said: "We are happy the way things are going and at the end of the year hope to sign a declaration concerning the political dialogue with the EU."

He noted the positive period that the negotiations are experiencing and dismissed possible difficulties, although he said that, should they appear, it would be only normal, because 30 percent of Chilean exports go to the EU.

Between January and October Europe became Chile's first trade partner with an exchange amounting to $6.8051 billion.

Minister Insulza stated that the current cooperation between Chile and Europe is of "extremely good quality" and noted that it encompasses many sectors and resources.

He added: "With the EU we talk about cooperation from a juridical and technical viewpoint, but also from a political viewpoint."

Insulza added that with Europe, Chile shares a political relationship that is "solid, ancient, based on values, common cultures and traditions," in keeping with international trends and with a progressive characteristic.

As he addressed the opening session, Spanish Senate Chairman Juan Jose Laborda, asserted that Spain will continue to be an ally of Chile "because of our interest and Chile's illusions of enjoying a stronger position regarding Europe."

Laborda reiterated Spain's interest in a partnership, as well as in its relations with the rest of the Latin American countries.

He added that, although Europe represents for Spain a project of economic prosperity and the strengthening of culture and the institutions, America represents "an integration project for Spain, even as a nation."

He said that to negotiate with the EU "is a very complex matter" because, despite the progress made in the integration field, Europe continues to be a group comprising 15 nations, with 15 governments and opposition parties or coalitions.

Seventy representatives from Europe and Latin America are attending the mentioned meeting that will end on 8 December. On this occasion they will discuss commercial relations, cooperation and development, energy, environment and integration, among other issues.

EU Leaves Negotiations on New Agreement 'Pending'

PY0612174195 Santiago EL MERCURIO in Spanish 5 Dec 95 pp A1, A16

[FBIS Translated Excerpt] Although yesterday in Brussels the EU Foreign Ministers Council approved the text of the Political Declaration expressing a desire to tighten bilateral relations with Chile, it left pending the mandate to negotiate a new agreement with our country, which is something the Chilean Government was very interested in.

The EU, and especially the Spanish Presidency, wanted Chilean President Eduardo Frei to attend the Madrid summit, scheduled for 15 December, and to sign the political declaration together with his European counterparts on that occasion.

However, Foreign Minister Jose Miguel Insulza yesterday practically ruled out the possibility that Frei will attend the mentioned event.

In the Political Declaration, the EU will express its desire to tighten bilateral relations and to start a preliminary process for the gradual and reciprocal liberalization of trade.

During the Madrid Summit, the EU chiefs of state and governments together with their counterparts of the Common Market of the South (Mercosur) will sign an interregional commercial and economic cooperation framework agreement.

What the Spanish Presidency intended was for the bilateral agreement with Chile to be signed, but there was not enough time to prepare the necessary documents, and that the EU Foreign Ministers Council give its opinion regarding the negotiation guidelines to be used during the negotiation process.

According to press reports, the General Affairs Council yesterday did not discuss the mandates for the negotiations with Chile, nor for those the EU hopes to start with Mexico.

It was stated that the mentioned projects were eliminated from the order of the day because work on them had not "made enough progress."

The guidelines for negotiations with Chile have thus been left pending until the first half of next year, when Italy will hold the EU Presidency.

One of the positive aspects of the Political Declaration approved yesterday by the EU Foreign Ministers Council is that, in addition to expressing the EU's willingness to step up the political dialogue with Chile, it reflects

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the decision of the parties to "reach, as a final objective, a political and economic partnership."

The Council thus reasserted its decision of 17 June requesting the European Commission to prepare a draft containing guidelines for the negotiations with Chile. On that occasion it was clearly stated that in the new agreement "the parties will express their political will for the establishment, as a final objective, of a EU-Chilean partnership of a political and economic nature.

In the commercial aspect, the 17 June resolution stated that the new agreement will establish a cooperation in this field, with the purpose of preparing for the gradual and reciprocal liberalization of trade, taking into account the sensitivity of the products and in compliance with the pertinent WTO rules.

Although the EU Council's decision yesterday to not approve the guidelines for negotiations with Chile may be interpreted as a setback, it is also quite likely that this decision may be positive because it will mean that the Foreign Ministers have not fully accepted the project submitted by the European Commission.

The mentioned project, disclosed in mid-November in Brussels, does not fully respond to the Chilean expectations. One of the main objections is that it recommends the Council to authorize the Commission to negotiate "a new cooperation framework agreement with Chile," when there already is a similar agreement that works perfectly well between the two parties. [passage omitted]

Economics Official: Talks With Mercosur Suspended

PY0612164395 Santiago EL MERCURIO in Spanish 5 Dec 95 p B1

[FBIS Translated Text] International Economic Relations Director Carlos Mladinic has confirmed that negotiations with Mercosur [Common Market of the South] have been suspended because Mercosur has submitted lists of exceptions which are unacceptable for our country.

In fact, according to the head of the national negotiating team, Mercosur has proposed the formation of a list which excluded from free trade 15 percent of the bilateral trade. At the same time, the Mercosur negotiators demanded from our country a list that would leave as exception approximately 5 percent of our trade.

Mladimic said: "It is not true that the problems that have emerged with Mercosur are the result of an inflexible Chilean position concerning its agriculture, because I can tell you that our position has been much more flexible than Mercosur's in the services, transportation, textile, and automobile sectors."

According to him, the only reason that explains the suspension of talks with Mercosur is the fact that the tax offer is unacceptable for our country.

Mladinic said: "Those lists of exception were not accepted and for this reason the meetings have been suspended. Mercosur's list is practically twice the size of the Chilean list in negative terms."

Mladinic insisted on pointing out that the Chilean interest is to balance the lists with Mercosur "downward, because we want the lists to be as reduced as possible. We cannot accept that one of the parties try to protect its sensitive products by closing its market, which is much larger than that of Chile."

Mladinic concluded by admitting that Mercosur's position was the cause of the failure of the recent round of negotiations held last week in Montevideo.

The Chilean delegates and those of Mercosur — a customs organization comprising Argentina, Brazil, Paraguay, and Uruguay — were unable to smooth up the rough edges during a meeting they held last week in Montevideo, which concluded a round of more than one year of negotiations.

"We were very flexible in the talks because we wanted to reach an arrangement, but the Chileans wanted to impose their negotiating positions, and any dialogue in that manner is impossible," a Mercosur representative told AFP.

The Mercosur delegates expressed their "frustration" for not achieving "points of consensus" with the Chilean representatives.

Foreign Minister on Possible Outcome of Mercosur Summit

PY0712023895 Madrid EFE in Spanish 1953 GMT 6 Dec 95

[FBIS Translated Excerpt] Santiago de Chile, 6 Dec (EFE) — A few minutes before leaving for Punta del Este, Uruguay, Chilean Foreign Minister Jose Miguel Insulza said he does not expect any "spectacular results" in the negotiations between Chile and the Mercosur [Common Market of the South] countries for establishing a free trade zone.

Negotiators from Chile, Argentina, Brazil, Paraguay, and Uruguay have been making their final efforts since last night to achieve an agreement after the negotiations bogged down last week.

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Before leaving for a special meeting of foreign ministers from the five countries, Insulza noted that headway is being made in the negotiations. Nevertheless, he emphasized that "spectacular results" should not be expected. [passage omitted]

President Urges Support for Rights Bill

PY0612200595 Santiago EL MERCURIO in Spanish 3 Dec 95 pp A1, A19

[FBIS Translated Text] President Eduardo Frei Ruiz-Tagle yesterday made an energetic appeal to political leaders and legislators to reach an agreement and solve in Congress the pending subjects of national reconciliation and improving the Constitution.

The head of state said adamantly: "The time to make a decision has come," and, appealing to an ethical and moral duty, urged the politicians to discontinue indefinitely postponing these issues and to approve the draft bills on human rights and constitutional reforms.

Frei stated: "Either we resolutely advance on the path of democracy and reconciliation, or we once again postpone the solutions. Either we consolidate the agreement zealously reached or forget it and miss this opportunity."

Within this context, President Frei expressed regret at the Socialist Party's [PS] decision to not support the initiative that seeks to establish the truth in the case of missing people, and warned that rejecting the agreement and doing nothing entails the risk that the cases will be closed and the whereabouts of those people never established.

Refuting the PS stance, Frei emphasized that he is certain the bill will help establish the truth about pending cases and, therefore, he will continue to promote the initiative because in his capacity as president, it is his duty to think about the country's well-being as a whole.

Frei made a similar warning to the legislators of the National Renewal Party [RN] and in particular to the senators who have rejected the constitutional reform bill.

Frei said: "The RN legislators, in keeping with what was approved during the National Council meeting, must now show their desire to reach an agreement over the constitutional reform. The country has received a clear signal and has the right to expect that the agreement will materialize."

Although not explicitly, Frei also refuted criticisms of the constitutional amendments by a group of former ministers of the military regime. He said it was silly to try to discredit the legal initiative with the argument that the project only seeks to dismantle the Constitution and destroy the grounds of the institutional system.

President Frei's statements regarding this subject are decisive because he made them before the Senate's Constitution and Legislation Committee starts voting on these two subjects on 5 and 6 December.

President Frei's statements could also have a strategic purpose, taking into account the fact that the fate of the two initiatives in Congress is uncertain because the debate concerning the two projects has triggered a bitter polemic that has threatened the unity of the Coalition of Parties for Democracy [CPPD] and caused the division of the opposition pact.

Looking beyond temporary circumstances and the frictions this subject has caused, Frei urged legislators and political parties to give the projects their approval, arguing that the people expect efficiency in the political field and they have a right to it.

Frei said: "The time has come to stop complicating issues with endless statements and counterstatements and, once and for all, to find a solution to these problems."

Frei's message is contained in a public declaration he read during a news conference held at noon at La Moneda Palace.

In the declaration, the head of state recalls that, when he made his proposals in August, he said the government wants to solve the pending issues in order to lead the country toward the 21st century. He said that the lack of full democracy and true reconciliation are the prevailing obstacles.

Frei insisted that the grounds of the human rights project is to establish the truth about missing people and, thus, end the pending trials.

The president said: "I am convinced that it (the agreement finally reached with the RN) is feasible, and I am certain that it is necessary. Chile must forget the accusations of the past. No country can make progress if its leadership is trapped by the traumas of history."

Justifying his determination to obtain approval of the project agreed upon with the RN, he said that in the human rights field everyone has the duty to contribute to finding the truth, and it is a moral duty of any civilized society to bring peace to the relatives of the missing people.

In response to the PS objection to the initiative, Frei emphasized that the agreement responds to that moral duty, and it enjoys juridical efficacy and the "generous support" of the majority of the CPPD member parties.

He recalled that the current project maintains the government's original proposal with two basic features:

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that it not be an expiration law, and not be a new interpretation of the amnesty law.

Therefore, he expressed regret with regard to the fact that the PS, which he labeled a "vital part" of the CPPD, has adopted such a decision. In Frei's opinion, the socialist decision is mistaken. He said he hoped the party "will express its disagreement in a worthy manner, and with the loyalty characteristic of a governing party."

In keeping with the stance the government adopted from the very beginning, Frei insisted upon the link between this project and the one designed to amend the Constitution.

Regarding this issue, his statement and answers were centered upon recalling the RN's commitment to approve the constitutional reform project despite the dissident voices within this opposition party and the clear objection of the party that should be its natural ally — the Independent Democratic Union.

Regarding the discrepancies expressed by RN senators, Frei emphasized that the political sector should be capable of looking toward the future and, therefore, he said it is not their duty to solve problems dating back to 1973.

He refuted opposition representatives by stating: "It is foolishly said that we are dismantling the Constitution. I believe that responsible people should talk in a responsible manner."

Noting the RN's desire to legislate the constitutional amendments, the head of state said that for the first time since the transition period started, the country is ready to take this step, which he termed fundamental.

Another subject broached by the head of state was the agreement finally reached regarding the 1996 budget draft.

Frei asserted that "despite the fact that the opposition tried to make the people believe the state was spending lavishly — which he rejected — an austere, balanced budget that safeguards the country's macroeconomic equilibrium was attained."

He endorsed this comment by recalling that, from the initial proposal, the opposition only managed to reduce the expenditures budgeted for 1996 by the government by 0.005 percent.

Frei emphatically said that his government is not going to changes its decision to carry out social programs. He asserted: "We are not going to cut back on any expenditure earmarked to help the most neglected social sectors."

Pinochet: Reviving Past Means 'Betraying Chileans'

PY0612182195 Santiago EL MERCURIO in Spanish 3 Dec 95 p C3

[FBIS Translated Excerpt] Speaking to the little more than 1,600 participants of a luncheon to celebrate his 80th birthday at the "Donde la Cuca" restaurant, General Augusto Pinochet, Army commander in chief, said: "Reviving the past means betraying Chileans."

He added: "This is the time to unite our values of always with the Chile of tomorrow. This is the supreme goal for which we must all strive."

He urged all Chileans to focus their concerns on the youth, because if it fails "the fatherland will fail. If so, useless would be the struggles and efforts, the sacrifices and pains which have characterized our lives to give a better life to the future generations of our land."

On concluding his speech, the Army commander said that is difficult to govern under exceptional situations, "in which all the great problems are accrued, that it is difficult to satisfy everyone and much less to ensure that everyone will see the challenges and events from the same point of view, but always from a positive perspective."

He added that "evil has 1,000 heads with which to attack and 1,000 shades where to hide," hoping that it will not harm the future that is being built.

For this reason he urged those present to defend the national values so that "behaviors that have nothing to do with our national being will not seize the minds and goals of the Chileans. The commitment we all have with the fatherland is to prevent this from happening."

Pinochet arrived at the place at 1440 in plainclothes. Upon entering, he was welcomed with a great ovation by his unconditional followers, among them officers, professionals, and small business leaders.

Supreme Court Rules on Human Rights Cases

96P20131A

[FBIS Media Note] In the latest development in the human rights case concerning the murder of Carmelo Soria Espinoza, Investigating Magistrate Eleodoro Ortiz Sepulveda has denied a petition by lawyer Alfonso Insunza to reopen the investigation and indict three Army officers. Soria, a Spanish citizen working in Chile for the Economic Commission for Latin America, was murdered on 14 July 1976, supposedly for helping communist leaders leave the country after the 11 September 1973 coup. Unlike the Letelier case, the Soria case was not exempted from the 1978 Amnesty Law.

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The case was reactivated after the Rettig Report was issued in 1991, and Judge Marcos Libedinsky was assigned as instructing magistrate. He confirmed that the crime had been committed by the Mulchen Brigade of the DINA [National Intelligence Directorate] but that it was not possible to identify the individuals responsible, and he applied the Amnesty Law to the case. The military courts dismissed the case in 1993, and their ruling was upheld by Judge Libedinsky. When a petition to appoint a special judge to handle the case was denied in 1993, the Spanish Government recalled its ambassador in protest. The case has also caused "tensions" within the Army, since two retired officers were involved. (Santiago EL MERCURIO, 24 November)

In the current phase of the case, retired Colonel Guillermo Salinas was tried for homicide and retired Sergeant Jose Rios San Martin for complicity. San Martin has confessed that the Mulchen Brigade killed Soria. On 22 November, Lawyer Alfonso Insunza petitioned Judge Ortiz to reopen the case and try Pablo Belmar, Jaime Lepe, and Patricio Quilhot—Army officers and former members of the Mulchen Brigade—as accomplices. He also asked that former DINA agent Michael Townley be questioned via letters rogatory. Townley had claimed in a 1993 interview for the TVN "Special Report" program that the murder had been committed by DINA agents under orders from their superiors.

Explaining the basis for the petition, Insunza said: "In our opinion, the amnesty should not be applied, since Carmelo Soria was a UN official subject to the international convention that establishes that in the event of murder the state is obligated to punish those responsible." (Santiago LA NACION, 22 and 23 November)

In another high-profile case, involving MIR [Movement of the Revolutionary Left] member Lumi Videla, the Criminal Chamber of the Supreme Court will soon be handing down a ruling. So far this year, the Chamber has confirmed 14 definitive dismissals under the 1978 Amnesty Law, and is expected to dismiss the Videla case as well. Two of the cases involved former DINA "collaborator" Osvaldo Romo Mena, who had been extradited from Brazil.

On 1 August, the court upheld the amnesty in the case of missing detainee Joel Huaiquinir Benavides. On 16 August the court unanimously confirmed the amnesty in a case involving 78 missing detainees, among them Dr. Ivan Insunza, former Deputy Carlos Lorca, former Socialist Party leader Ricardo Lagos Salinas, and several other leftists who disappeared between 1973 and 1975. On 2 October, the court upheld the application of the Amnesty Law for the disappearance of former MIR leader Dagoberto Perez, which occurred on 15 October 1975. On 19 October, the court also upheld the application of the Amnesty Law in the cases of MIR member Carlos Perelman Ide, detained in 1975; and Juan Bautista Nunez Vargas, a former Socialist Party member detained in 1973. The remains of the latter were turned over to his relatives in 1991. (Santiago EL MERCURIO, 23 November)

Leniency of Copyright Law Criticized

96P20130A Santiago EL MERCURIO in Spanish 20 Nov 95 p B3

[FBIS Translated Text] Although the rate of illegal copying of computer programs has dropped significantly in the last seven years, for the Chilean Software Distributers Association, ADS, the low deterrent power of the sentences and fines to punish this offense hinders reducing the rate even more.

For this reason ADS President Hugo Mendez called for raising the severity of the Intellectual Property Law, which currently establishes payment of between five and 50 UTM [monthly tax units] (from 100,000 to a little more than 1 million pesos) or from 61 to 540 days in prison, regardless of the value or number of copies.

In his opinion, there should be no difference between this provision and that for industrial property, which has much more serious sentences for theft or fraud, which are offenses of similar seriousness to illegal copying. In fact, the fines vary from 100 to 500 UTM—from 2 to 10 million pesos—and from 61 days to five years in prison, depending on the value of the goods. Harsh sentences for those who violate the Intellectual Property Law by copying computer programs. [sentence as published]

Mendez said he believed that it would be appropriate for Chile to take advantage of the postponement of the start of negotiations to join NAFTA in order to modernize this part of the legislation, given that Chapter 17 contains the standards for intellectual property and establishes that the penalties among the member countries should be of equivalent seriousness and deterrent power.

On this occasion, Mendez stated that thanks to the effort undertaken by the ADS to make people aware of and report the problem, it has been possible to reduce the rate of illegal copying of computer applications programs. In fact, six years ago the rate was calculated at 81 percent; potential sales were $39.6 million but real sales were only $7.5 million. Last year, however, the rate had dropped to 66 percent; it should be kept in mind that while registered sales were $39.2 million, potential sales were estimated at $113.9 million.

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However, with the expansion of computer use at home and by small businesses, it is expected that the rate will again rise, since on the one hand these users have a very low level of awareness that copying programs is illegal, and on the other it is much more difficult to monitor them than large businesses.

Colombia

Police Director: Relations With U.S. 'Excellent'

PA0612210295 Madrid EFE in Spanish 0150 GMT 6 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 5 Dec (EFE) — Colombian Police Director General Rosso Jose Serrano today described as "excellent" the relations among this organization and U.S. authorities, who have signed cooperation agreements to fight drug trafficking.

Serrano made this statement following the ceremony held to promote him from the rank of brigadier general to the rank of major general (a two-star general). Colombian president Ernesto Samper headed this ceremony.

The relationship between the two countries deteriorated seriously in September after certain Colombian officials accused the U.S. Embassy in Santa Fe de Bogota and the DEA of plotting a plan to destabilize the Samper administration.

President Samper is being investigated for the alleged infiltration of money from the drug traffickers of the "Cali Cartel" in last year's electoral campaign. The statements made in Colombia triggered a note of protest from the U.S. State Department.

"The relations are good because (in the United States) they know that I am working with them in the hard fight against drug trafficking since 1989. I respect them a great deal, and they respect me," the high-ranking officer pointed out.

Report on Samper Study Sent to Accusations Committee

PA0712023895 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 7 Dec 95

[Report by Maria Alejandra Villamizar; from the "24 Hours Newscast"]

[FBIS Translated Text] A few minutes ago, Heyne Mogollon, head of the congressional committee investigating President Ernesto Samper, representing the Investigating Commission, presented his final report to the Accusations Committee. His decision was reached after four months of investigation.

In that regard, Antonio Jose Cancino, President Ernesto Samper's lawyer, has granted us an interview.

[Begin recording] [Villamizar] What are your comments about the conclusion of the investigations conducted by Heyne Mogollon?

[Cancino] Well, I believe the country is aware of the way in which Heyne Mogollon conducted this investigation, with thoroughness and dedication. Significant evidence was presented, including transferred evidence [prueba trasladada], evidence obtained by Mogollon himself, as well as evidence submitted by the defense. The result he has presented today is the conclusion of deep analysis. I do not know the contents of the report. Nevertheless, I hope, as I have said from the beginning based on my personal conviction and not because I know what the report says, that it will be favorable. From the beginning we have been saying that there is absolute integrity in the actions of the president of the Republic. We will soon have a decision from the committee's plenum, and I am sure that Colombia will survive.

[Villamizar] Are you confident that it will be an inhibitory ruling [fallo inhibitorio]?

[Cancino] I do not want to speculate on the committee's final ruling. That, however, should be the path to be followed in view of the total lack of evidence — because that is the case — against the president of the Republic. There have never been any doubts in my mind. Today, as you already saw, was the first time I was able to exchange a few words with Heyne Mogollon, after he delivered his report. [end recording]

Now let us listen to Heyne Mogollon's statement upon delivering his report.

[Begin recording, in progress] [Mogollon] ...I will correct your question. I have conducted a preliminary investigation and have given my opinion, or a report which must be... [pauses] only the Investigations and Accusations Committee can accept it or reject it. If it is not approved, the committee has the legal and constitutional right to appoint an investigator who would issue another report or ruling.

[Reporter] How many days will the Accusations Committee have to do this?

[Mogollon] With the understanding that when a judicial instance, — in this case a committee — must decide on a specific subject, which in this case are the charges or preliminary investigations against the president of the Republic, the committee, fully aware of its responsibility, will take as many hours and days as it deems necessary.

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[Reporter] Will the president's lawyer have to [word indistinct] your recommendation or until the committee decides?

[Mogollon] No. Lawyer Antonio Jose Cancino, the president's attorney, has already submitted his allegation which will be taken into consideration and analyzed, as it was in fact analyzed in my ruling or report, along with the allegation presented by the public prosecutor. [end recording]

Magistrate: Resignation Result of 'Reprisals'

PA0612174195 Madrid EFE in Spanish 1519 GMT 6 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 6 Dec (EFE) — Colombian Magistrate Guillermo Chahin, who resigned from the Council of State through a televised newscast, today maintained that his resignation was the result of "reprisals" Attorney General Orlando Vasquez took against a colleague who favored the permanence of Prosecutor General Alfonso Valdivieso.

Chahin stressed in Santa Fe de Bogota that the alleged pressure Vasquez has exerted has prevented lawyer Nubia Gonzalez Ceron from taking over the post of Attorney General's Office's delegate before the higher court, a post she should have taken over on 1 December.

The lawyer, who was the secretary of the Council of State for more than 10 years, voted in favor of Valdivieso's permanence in the Prosecutor General's Office. Vasquez is waging a legal battle with Valdivieso stemming from the "narcoscandal" investigations.

Ms. Gonzalez, who was working as an interim adviser, resigned from the post after having being elected the attorney general's delegate before this court. "They have not let her, for the time being, take over the Council of State, as they are charging her for her vote (favoring Valdivieso)," Chahin pointed out while announcing that he was withdrawing from the Council of State.

Due to the ruling this court rendered in November, the prosecutor general will be able to continue to head this legal institution until 1998.

The magistrate, who presided over this court and who was chosen the best state adviser last year, resigned on 5 December during the "CMG" newscast to protest the presumed "reprisals" Attorney General Vasquez has taken.

In statements to the Santa Fe de Bogota reporters, Chahin said that "these things cannot happen, because they violate the dignity of justice and people." However, the attorney general told Santa Fe de Bogota radio stations that the adviser was misinformed. Due to the decision Gonzalez made, her appointment as Attorney General's Office's delegate before the Council of State was postponed, Vasquez maintained.

Attorney General Vasquez has not agreed with the manner in which Prosecutor General Valdivieso has conducted the investigations on the reports on huge contributions the Cali Cartel made to the political class and the electoral campaigns conducted last year in Colombia.

Since August, the "narcoscandal" has kept the government of President Ernesto Samper immersed in a crisis due to allegations that he was elected with money the illegal group gave. This scandal has also involved the attorney general.

Several of Vasquez's stays in the southwestern city of Cali when he was a congressman had reportedly been financed by a company owned by those who were considered the maximum leaders of the "cartel," brothers Gilberto and Manuel Rodriguez Orejuela.

Likewise, the Rodriguez's former accountant, Guillermo Pallomari, who surrendered himself to the DEA in August, told Colombian prosecutors that the attorney general had met with the Rodriguez brothers. Vasquez has denied these allegations.

Paraguay

Reactions to President's Criticism of Committee

CBI Chairman Responds

PY0612153195 Asuncion NOTICIAS in Spanish 6 Dec 95 p 10

[FBIS Translated Text] Irritated by President Juan Carlos Wasmosy's accusations against the actions of the CBI [Bicameral Investigating Committee of Congress], Deputy Blas Llano, of the Authentic Radical Liberal Party and president of the committee, has challenged Wasmosy to prove the accusations of blackmail that he made during a work luncheon with Christian businessmen.

"He is trying to justify the unjustifiable. He is trying to get the public to believe that the CBI is an organization that oversteps its functions, and he is mistaken," the deputy said. According to Llano, whatever Wasmosy says, or whatever [Senator Milciades Rafael] Casabianca (the president of Congress and who has always been against the task of the CBI) says is always in the defense of his circle of friends; in other words, the group of businessmen that defend certain commercial interests that are linked to political interests.

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"President Wasmosy is mistaken if he believes that with those types of remarks we are going to retreat one millimeter in our struggles; on the contrary we are now going to put everything we have into our investigations and if this puts terror into the hearts of corrupt public administrators, then so be it," he said.

Llano stated that he lamented that President Wasmosy had adopted that attitude and provoked a situation such as this one because it will be much more worse for him and his government.

Senator Recalde Reacts

PY0612214095 Asuncion ABC COLOR in Spanish 6 Dec 95 p 2

[FBIS Translated Text] Using harsh overtones like those employed by President Wasmosy against the actions of the CBI [Bicameral Investigating Committee of Congress], when he accused it of using blackmail and extortion during its investigations into public administration and private sector organizations, Senator Elba Recalde yesterday expressed: "If he has the balls, he should provide the evidence. I doubt very much, however, if he has any evidence."

Recalde pointed out that, throughout the investigations into the Central Bank, the CBI supplied enough evidence to President Wasmosy and "he never did anything; he kept excusing corruption." She emphasized: "Now I want to pay him back in kind, using the same system that he has always used."

Senator Recalde indicated: "He should support his claim. I am asking the president to supply evidence. As the president of the Republic, he should be a real man and have courage."

The liberal party congresswoman openly challenged Wasmosy to supply evidence and said the head of state merely talks because "he is a big mouth and that is really deplorable for a president of the Republic."

Senator Recalde said Wasmosy was not man enough to take action when irrefutable evidence of corruption in the public administration was placed before him.

Colorado Party Senator Responds

PY0612230595 Asuncion ABC COLOR in Spanish 6 Dec 95 p 2

[FBIS Translated Text] Discussing President Wasmosy's accusations concerning his alleged evidence of extortion allegedly carried out by some CBI [Bicameral Investigating Committee of Congress] members, Colorado Party Senator Carlos Romero Pereira yesterday emphasized: "Thus far, I do not harbor any doubts about my colleagues. Thus far...."

The Colorado Party congressman, who represents his party's bloc in the CBI, added: "No one can prove the contrary to me because I am more than right in trusting all of them, as they are absolutely honest people."

Asked to voice his opinion on Wasmosy's remarks at an entrepreneurial meeting in the Centenario Club yesterday, the Colorado Party senator indicated that Wasmosy's remarks could have been prompted by the specific fact that "the CBI investigations actually are bothersome, and this led (Wasmosy) to lose control the way he did."

The Colorado Party congressman noted that both the president and Congress President Milciades Rafael Casabianca "are not friends of the CBI," pointing out that both of them are linked by strong economic ties.

Romero Pereira argued: "One of them is the other one's employee." Thus, he was hinting at the subordinate relationship existing between Casabianca and Wasmosy. Romero Pereira noted that this concern exists despite the fact that the CBI recommendations and court rulings are not mutually binding.

Peru

Minister: 'Urgent Need' To Define Border With Ecuador

PY0612212595 Madrid EFE in Spanish 0226 GMT 6 Dec 95

[FBIS Translated Text] Lima, 5 Dec (EFE) — Peruvian Foreign Minister Francisco Tudela said today there is an "urgent need" to conclude the border demarcation between Peru and Ecuador.

Tudela added that the borderline area that requires markers extends for approximately 150 to 180 km, and not 78 km of the Condor mountain range.

Tudela also said Peru considers the lack of border markers to be "a persistent impasse" for the implementation of the 1942 Rio de Janeiro Protocol, which established the border between Peru and Ecuador, and for which Argentina, Brazil, Chile, and the United States act as guarantors.

Tudela told the ANDINA national news agency that it is a fact "known by everyone" that for more than 30 years the Peruvian-Ecuadoran Border Commission did not continue with the border demarcation "because there was a disagreement on how to do it."

According to point six of the Itamaraty Peace Declaration signed on 17 February 1995 and ratified by the Montevideo Declaration of 28 February, Peru and Ecuador must tackle the persistent disagreements as the

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culmination of the pacification process that started last March, in the wake of the military conflict that took place from 26 January to 28 February of this year.

Tudela and Ecuadoran Foreign Minister Galo Leoro plan to meet in the second half of January 1996 in Lima to discuss the agenda for discussion to fulfill the last point of the Itamaraty Peace Declaration.

Tudela said that according to the Rio de Janeiro Protocol, the two countries can make mutual concessions in establishing the borderline.

He added: "It is understood that there are very few mutual concessions to be made in order to make adaptations to the natural terrain and the geography, and this is the context in which we are now operating."

Tudela also said that the Rio de Janeiro Protocol "is not negotiable" because it is an international treaty signed by two legitimate states and ratified by the congresses of the two countries.

He said: "It is clearly established that the juridical framework that the Peruvian Government and the Peruvian state recognize as valid for the talks with Ecuador is the Rio de Janeiro Protocol and the arbitration of Braz Dias de Aguiar."

Tudela added: "This doesn't mean that Peru cannot begin talks on the best way to overcome the disagreements between Peru and Ecuador regarding the border demarcation."

Foreign Minister: Relations With U.S. 'Vital'

PY0712002295 Lima EXPRESO in Spanish 28 Nov 95 p A22

[FBIS Translated Text] In relation to the decision Peru will have to make in January about its reincorporation or final withdrawal from the Andean Group, EXPRESO believes it is useful to reiterate the integration policy announced by the government. Recently, Foreign Minister Francisco Tudela delivered a speech before the congressional Budget Committee noting the following points:

Chile

Tudela said that Peru is negotiating an economic complementation agreement (ACE) with Chile to reduce tariffs in bilateral trade. He said: "Relations with Chile obviously do not obviate the need to find a solution to the pending matters with regard to the 1929 treaty."

Bolivia

Regarding Bolivia, Tudela said: "Integration with Bolivia not only has a historic meaning for Peru. As Bolivian trade through Peruvian ports increases, our position will also be strengthened as one of the main points of access to the Pacific."

Brazil

Concerning Brazil, Tudela said: "Due to the great Brazilian trade potential, the creation of some kind of trade association with that country will be one of the basic priorities of Peruvian foreign policy for the upcoming years." He added that bioceanic integration will be a vast process that will mark our relations not only with Brazil but also with Bolivia and Paraguay.

Global

Regarding the regional integration process, Tudela said that Peru will maintain a position "aimed at strengthening the integration groups of which it is a member," such as the Andean Group, and it does not exclude participation in other groups such as the Mercosur [Common Market of the South].

He also said that Peru will, in particular, strengthen its presence in the Pacific basin, which will have greater activity in the next century. The recent visits to Peru of the Chinese and Malaysian prime ministers had that purpose.

Tudela said that "relations with Japan have special meaning. Effort is being made to obtain increased Japanese investment in the next five years and to expand the entry of Peruvian exports into the Japanese market."

He said, however, that the emphasis on the Pacific basin does not exclude "strengthening links with the European Union."

Tudela added that "relations with the United States are also vital. He said that the U.S. market continues to be the main destination of our exports (17 percent). This is why, said Tudela, Peru accords "a special place" to its relations with the United States.

Police Confirm Weapons Found in U.S. Citizen's Home

PY0612210795 Madrid EFE in Spanish 1627 GMT 6 Dec 95

[FBIS Translated Text] Lima, 6 Dec (EFE) — The Peruvian National Police confirmed today that weapons, uniforms, police and military emblems, and videos with propaganda of the Tupac Amaru Revolutionary Movement (MRTA) were found in the house of U.S. citizen Helene Berenson, who was arrested last week in Lima.

Berenson, 26 years of age, was arrested along with 23 alleged MRTA members on charges of planning to take

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over Congress by force and of preparing the kidnapping of high-level government officials to demand the release of MRTA chief Victor Polay.

A police spokesman said Berenson claimed she is innocent of the charges, and her mother said the same thing yesterday in New York after a brief telephone conversation with her daughter.

The police also arrested Miguel Rincon Rincon, the alleged "number two man" and founder of the group. He surrendered after resisting for several hours with 15 alleged members of the group.

The National Counterterrorism Directorate (Dincote) reported that Helene Berenson was arrested when she was leaving Congress with Peruvian Nancy Gilvonio, sister of a well-known MRTA leader who was arrested a few years ago.

The two women entered Congress in an apparent attempt to study the building security system as part of an alleged MRTA plan to take over Congress on 22 December.

They entered Congress carrying reporters' identification cards that were also confiscated by the police.

The National Journalists Association (ANP) confirmed that press cards were given to Berenson and to Peruvian Rosa Mita Calle, who was also arrested, because they submitted a request by the magazine "The World View" [preceding three words in English] that was allegedly signed by the magazine's editor, Lloyd D'Aguilar.

It was reported in New York that Helene's father, Mark Berenson, statistics professor at Baruch College, will arrive in Lima within the next few hours to prepare his daughter's legal defense.

New Lima Mayor Promises To Work With Government

PY0712004395 Lima EXPRESO in Spanish 25 Nov 95 p A4

[FBIS Translated Excerpt] Alberto Andrade Carmona was proclaimed the new mayor of Lima yesterday in a ceremony during which Marco Chumbiauca, president of the Special Election Board of this jurisdiction, presented him with his credentials. Chumbiauca also presented credentials to the 19 new district mayors who belong to the We Are Lima Movement. [passage omitted]

Andrade said that during the talk he held with Presidential Minister Jaime Yoshiyama Tanaka and Councilman-elect Santiago Agurto of the Change 90-New Majority, they agreed to meet after the proclamation ceremony.

Andrade said that he will carry out, from the Lima city hall, a joint program with the 20 councilmen of his movement and the 19 councilmen of the Change 90-New Majority. Andrade added: "The councilmen of the Change 90-New Majority are honorable individuals with qualifications and ability which we cannot waste. Our goal is to govern together to clean up and organize the city."

Andrade also reiterated that he will work "together with the Presidential Ministry, President Alberto Fujimori, and the district councilmen." [passage omitted]

PNP Director Assigned Drug Traffickers' Houses to Police

PY0612225295 Lima LA REPUBLICA in Spanish 25 Nov 95 p 3

[FBIS Translated Text] Colonel Luis Sanchez Salinas, director of the Welfare Division of the Peruvian National Police, [PNP], and retired General Julio Millones, director of the Ofecod [Executive Agency for Drug Control], have reported that PNP General Director Victor Alva Plasencia ordered that eight PNP officers be assigned houses that had been confiscated from the Lopez Paredes brothers drug trafficking organization.

Well-informed sources in the Attorney General's Office reported that the two officers thus testified before ad hoc Prosecutor Lizardo Suarez Franco.

When Suarez asked Millones to explain why Alva Plasencia assigned the houses to the police, he said: "The PNP high command ordered me to assign eight apartments or houses that had been confiscated from the brothers Tito Lopez Paredes and Manuel Lopez Paredes."

Millones added that in his capacity as PNP general director, Alva Plasencia regularly asked him to provide houses and vehicles to the various police departments, a demand he complied with whenever it was possible.

Millones said the houses were assigned in keeping with Ofecod regulations.

On 24 November, Suarez questioned Millones for nearly three hours in the offices of the 45th Lima Provincial Prosecutor's Office on the fifth floor of the Attorney General's Office building on Abancay Avenue.

Leaving the Prosecutor's office, Millones told journalists the PNP high command had ordered him to assign the houses. He said: "The generals asked me to give them the houses," without providing further details.

Shortly afterward one of the prosecutors who is hearing the case said Millones' statement confirmed remarks by Sanchez Salinas the previous day.

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Sanchez Salinas reportedly said Alva Plasencia ordered him to distribute the apartments among the main Lima operation chiefs "for service purpose and the security of high-ranking officers."

He noted that the apartments were assigned to designated generals late in August 1995.

The apartments were assigned to PNP Chief Alva Plasencia; Jose Alvarez Caballero, chief of the Seventh PNP Region; Carlos Dominguez, chief of the Dincote [National Counterterrorism Directorate]; Gustavo Bravo Vargas, chief of the Dinandro [National Antidrug Directorate]; Alfonso Villanueva Chirinos, chief of the PNP Intelligence Division; and Eudocio Vega Perez, chief of the Strategic Service.

This case was made public on 19 November during a television program when charges were made that apartments were used for purposes other than those pertaining to the police service.

It was even said that Alva Plasencia's birthday was celebrated in September at an apartment in the Miraflores District, a fact that prompted an investigation by the Attorney General's Office.

The day after the charge was made, the PNP issued a communique in which it admitted that eight apartments had been assigned to eight generals, but that they had never been occupied.

Following the investigation, Suarez on 27 November will verify the eight apartments assigned to the police chiefs, and on 28 November he will question Gen. Alva Plasencia.

Suarez will also investigate the use given to other assets confiscated from drug traffickers and which are under the Ofecod's custody. To this end Millones will be again recalled to testify.

MRTA Unit Attacks Army Base in Chanchamayo

PY0612225895 Madrid EFE in Spanish
0907 GMT 6 Dec 95

[FBIS Translated Excerpt] Lima, 6 Dec (EFE) — The local press has reported that police sources have stated that the recently captured Tupac Amaru Revolutionary Movement (MRTA) cell was planning to kidnap Peruvian Prime Minister Dante Cordova and take over Congress.

After Miguel Rincon, the "number two" man of the gang, was captured on 1 December along with more than 20 members of the group, the police learned that the MRTA was planning to unleash violence in Lima before Christmas.

The sources stated that a large quantity of weapons, rifles, machine guns, explosives, and ammunition seized by the security forces in the MRTA hideout in La Molina district in Lima, where Rincon and his gang were captured, shows this group was stockpiling weapons for this purpose. [passage omitted]

Reports from Huancayo, the capital of Junin Department in the Peruvian central mountain region, state that an MRTA group attacked the Army antiterrorist base in Chanchamayo, in a jungle region.

As a result of the attack one soldier was wounded.

The report says the MRTA attack came on the night of 1 December after it was learned that Rincon and about 20 MRTA members were captured. The source said the attack was an "answer" to their capture in Lima.

The press sources indicated that to reorganize the terrorist group, MRTA leaders recruited 14 year old boys under death threats to their families to indoctrinate them.

When the MRTA members were captured during that nightmare in La Molina district, where four people were killed, there was one 16 year old among the gang members.

Peruvian experts on violence believe, however, that after Rincon and his group were captured, the MRTA suffered a "mortal blow," from which it will not be able to recover and will lead to its final defeat.

Peruvian officials believed the terrorist gang was deactivated since last year but recent events show this group was trying to reorganize its cadre and stage attacks to attract international attention.

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